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NEWS SUMMARY

ENERAL

Repay arms cash —Iran

an has asked Britain to pay sums equivalent to all the mmission payments made in nnection with the supply of ms over the past ten years.

The request follows yesterday's ntences at the Old Bailey Iran ns corruption trial at which -Col. David Randel, 41, merly of the Ministry of fence, Mr. Frank Nurdin, 61, mer sales director of Racal C. and Mr. Geoffrey Wellburn, former managing director Racal BCC, were jailed for ee years, 18 months and 12 nths, suspended, respectively.

he commission payments con- arms, ranging from eftain tanks to warships. Last it the Foreign Office said it been in touch with Iran at points arising from the l. Page 6

ritain's controversial sale of ,000 worth of armoured cles and other military pment to El Salvador has cancelled, the Foreign e announced, "because of situation in Central erica." Page 3

ndreotti try again

Andreotti, the outgoing an Prime Minister, agreed night to try to form a new ernment. In Lisbon, Portu- s caretaker Prime Minister asked to form a new Govern- t. Page 2

urder hunt

deep snow hampered the tish murder hunt, police with trained to find dead bodies used. At Haddington iff Court, East Lothian, a appeared charged with theft wing the discovery of a 's body in the boot of a car North Berwick on Monday.

ster attacks

e policemen were injured in achine-gun attack on two e Land-Rovers in London- y last night. Six people, ding five policemen were ed in one of two car bomb ks elsewhere in Ulster.

yland recall

sh Leyland is to recall more 30 per cent. of its cars in ican ownership in order to ight defects or possible de- at a cost estimated at up m. Back Page. Nigeria ban, 5

ath overture

peace move Mrs. Margaret her, Conservative leader, Mr. Edward Heath, former e Minister, at her Chelsea last week-end at her st and discussed Mr. 's recent visit to the Middle Page 9. Heath appoint- Men and Matters, Page 18

y MP dies

ohn Hall, Conservative MP Wycombe, died in London day. He was 67. Page 9

al visit

Juan Carlos of Spain, panied by Queen Sophia, is in a private visit to Britain

iter comes

young people died in le road accidents as Arctic ions hit Britain. Roads blocked from Scotland to uth of England.

efly . . .

alists and printers at l West German news- staged lightning strikes the introduction of com- technology. Page 2

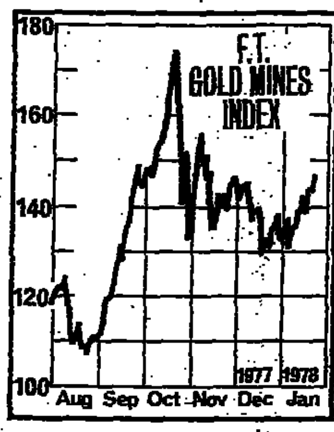
ite woman with a brain r which is darkening her omplained in Cape Town ng treated like a black.

l McCulloch, chairman of 3C's radio Brain's Trust in ie has died, aged 76. 27

BUSINESS

Boost for equities and gilts

● EQUITIES moved sharply ahead in thin trading and the FT Ordinary index put on 9.7



to 486.0. Gold Mines rallied 4.2 to 147.3 in response to pressure on the dollar.

○ GILTS gained ½ in shorts and ¾ in longs. The Government Securities index was 0.36 up at 77.36, for a two-day rise of 0.62.

● STERLING gained 90 points to \$1.9335, its index rising to 66.1 (65.8). The dollar's depreciation narrowed to 4.45 per cent. (4.47).

● GOLD rose \$1¼ to \$173⅜.

● WALL STREET was 7.63 down at 778.67.

● MONEY SUPPLY growth accelerated last month, leaving the rate of increase above the Government's target range. Consumer spending is also rising as a result of tax cuts and pay rises. Back Page

○ AGRICULTURE Minister will announce to the Commons next week a 5 per cent. devaluation in the green pound. Back and Pages 9 and 29

● UNIT TRUST sales last year were £372m., but repurchases at £258m. were the highest recorded, leaving net new investment well down at £114.4m. Page 7

● LONRHO is suing 29 oil companies for damages for lost royalties, alleging that the companies conspired to back the Rhodesian government after UDI with oil supplies, breaking a 1962 agreement with Lonrho. Page 22

● CONSORTIUM has made a £17.5m. bid for a plantation company, London Sumatra. Page 22

● TRAFALGAR HOUSE has sold three City office developments for £61m., the largest sale of office property for some years. The sale is expected to have considerable impact on the commercial market. Back and Page 12

● CBI's latest policy document "Britain means business," takes a hardened line against any legislation on employee participation. Page 6

● NATIONAL UNION OF RAILWAYMEN has told British Rail it will no longer co-operate on money-saving measures and wants rail vacancies filled immediately. Page 8

● BSC is to break a year-long deadlock and start up its £170m. sinter plant at Redcar without union agreement on manning. Back and Page 18

At the same time, the corporation has announced a 6.5 per cent. increase in the price of tinplate from February 12. Page 7

● ENGINEERING union leaders described as "derisory" a pay offer worth about 2½ per cent. on the wage bill. Page 8

COMPANIES

● DIXONS PHOTOGRAPHIC pre-tax profits for the 28 weeks ending November 12 improved by about 7 per cent. to £4.77m. on net sales, 19 per cent. ahead at £89.9m. Page 21 and Lex.

● SUN OIL has bought 34 per cent. of the shares of a U.S. medical supplies manufacturer, Becton Dickinson for \$293m. Page 26

F PRICE CHANGES YESTERDAY

s in pence unless otherwise indicated)

RISES

ry 11¾pc '91	£105¾	+	¾
ry 15¼pc '98	£134¼	+	¾
Breweries	87½	+	4½
Retailers	193	+	8
Paper	55	+	5
ated Security	61	+	5
	74½	+	7½
Invs.	12	+	5
orts' Brew.	90	+	9
rs	174	+	9
s Photographic	171	+	18
	392	+	12
	274	+	11
	392	+	12
	298	+	8
r Invs.	28	+	6
r Siddeley	202	+	10
	344	+	8

LWT A	116	+	6
London Pavilion	500	+	25
Manganese Bronze	96	+	4
McBride (Robt.)	385	+	20
Nat. Carbonising	50	+	4
Norton and Wright	183	+	11
Status Discount	136	+	7
Thomson Org.	640	+	26
Tube Invs.	396	+	12
Updown Inv.	60	+	6
Vosper	180	+	17
Wigfall (H.)	262	+	8
Anglo Amer. Gold	£15⅞	+	⅞
Cons. Gold Fields	202	+	8
Cons. Murchison	265	+	30
Elandsrand	211	+	16
Jo'burg Cons.	£11	+	¼
Marievale	83	+	5
Oakbridge	144	+	17
Randfontein	£32¼	+	¼
RTZ	186	+	7
Wit. Nigel	45	+	7

U.S. tries to heal rift as Begin accuses Sadat

BY ROGER MATTHEWS: JERUSALEM, Jan. 19

Mr. Menahem Begin, the Israeli Prime Minister, to-day accused President Anwar Sadat of Egypt of breaking a personal pledge as the U.S. Administration sought urgently to prevent a total deadlock in the Middle East peace negotiations.

Mr. Cyrus Vance, U.S. Secretary of State, flies to Cairo tomorrow for talks with Mr. Sadat that are likely to have a crucial bearing on the chances of the talks being resumed.

Mr. Vance said here that he did not know why Mr. Sadat had decided to break off the meeting of the political committee headed by the Egyptian and Israeli Foreign Ministers after only 36 hours.

Commenting on a report from Cairo that the Egyptian leader was considering a summit with Mr. Begin at which President Carter would be host, Mr. Vance said that such a proposal had not been discussed as a means of breaking the deadlock.

Earlier Mr. Begin had said in a lunchtime speech that the work of the political committee had been progressing successfully when Mr. Sadat made the abrupt decision to order his delegation home. Five of the seven points in the first item on the agenda—a declaration of principles—had been agreed, he claimed.

At the same time, however, Mr. Begin accused Mr. Sadat of having broken a personal pledge on the question of the demilitarisation of Sinai and said that the Egyptian Foreign Minister made a "preposterous speech" demanding the return of Jerusalem.

The Israeli settlements in Sinai would never be removed, he said, in response to Mr. Sadat's assertion at the week-end that they would have to go as part of a settlement.

Mr. Begin then went on to extol the virtues of Israeli proposals for civilian self-rule for the occupied West Bank and Gaza Strip for which Mr. Sadat is demanding self-determination.

"They have lived for 20 years under Jordanian rule which was very oppressive. The Jordanians ruled the Palestinian Arabs with a whip."

He accused the Egyptians of letting the people of the Gaza Strip live in the "most horrible, abominable slums for two decades," and never offering them citizenship.

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Editorial comment Page 18

There was no question of allowing these areas to be dominated by "the murderous Nazis" of the Palestine Liberation Organisation. An independent state would be turned into a Soviet base like Angola and Mozambique.

Mr. Begin's speech, although no more hard line than many in the past, came at a delicate moment and is unlikely to make Mr. Vance's task easier to-morrow. It seems certain to draw a strong response from Mr. Sadat when he makes a speech to the People's Assembly in Cairo on Saturday.

Mr. Carter has spoken to both the Egyptian and Israeli leaders in the past 24 hours. The most immediate hope lies in Mr. Sadat being prepared to allow the joint military committee which had been discussing withdrawal from Sinai to continue its work. He decided against cancelling the committee after talking to Mr. Carter and will now await whatever new proposals Mr. Vance brings with him.

Michael Tingay reports from Cairo: Mr. Sadat apparently believes Mr. Begin's comments at a dinner on Tuesday night were a deliberate attempt to pre-empt the proceedings of the political committee in Jerusalem. In the speech he declared Jerusalem would never again be redivided and dismissed the concept of "Palestinian self-determination"—the main point of contention in Jerusalem talks.

It appears that Mr. Begin's public statement after the negotiations had only just got under way was an important factor in Mr. Sadat's sudden decision to recall Mr. Mohammed Kamel, his Foreign Minister.

Nonetheless, all does not appear well in the leadership. Last Sunday's National Security Council meeting is believed to have revealed sharp differences of opinion.

Enough done to boost Bonn economy, says Schmidt

BY JONATHAN CARR BONN, Jan. 19.

WEST GERMANY had done all she sensibly could to boost her economy, Chancellor Helmut Schmidt said to-day. In a message directed toward the U.S. in particular, he said the Federal Republic was unable on its own to haul the world out of recession.

He was making the government policy statement at the first meeting of the Bundestag this year, which came a day after Mr. Denis Healey, Chancellor of the Exchequer, urged West Germany and other stronger economies to boost their growth rates.

Herr Schmidt ranged over most major domestic and international problems, but devoted particular attention to the world recession and the dollar problem.

He said West Germany had taken "the golden middle way" between insufficient economic stimulation and too much reflation, which would feed inflation, itself a prime cause of recession and unemployment.

Bonn could not agree with those foreigners who suggested the West German Budget deficit, seen from the international viewpoint, was too small.

He said the total public sector Budget deficit would rise to about 4 per cent. of gross national product this year against only about 1 per cent. in the U.S.

He stressed that West German ability markedly to influence the growth rates of other nations was limited, and produced figures suggesting that 1 per cent. more of GNP growth in the Federal Republic would mean 0.05 per cent. more in Britain and 0.07 per cent. in France.

This statement on the limits to West German growth efforts comes at a time when Herr Schmidt is preparing for summit meetings here in Bonn in the summer, with both President Carter and the leaders of the main Western industrialised countries.

Firm dates have not been set but both meetings are likely to be in July.

Herr Schmidt is clearly anxious that the run-up to these should not be preceded by public exhortations, notably from Washington, that Bonn should "do more" to help the world economy.

In a letter to Mr. Carter in late December, Herr Schmidt has already explained what West Germany's steps of economic stimulation have been, and why he thinks they are enough.

Further, high officials concede there is precious little more either Government or Bundesbank could do.

Bonn has shot most of its available bolts, and as Herr Schmidt noted to-day West German intrest rates are close to their lowest level in the post-war period.

£ in New York

—	January 19	Previous
Spot	\$1.9336-9350	\$1.9250-9265
1 month	0.10-0.1[illegible] prem.	0.02-0.07 prem.
3 months	0.35-0.38 prem.	0.23-0.27 prem.
12 months	0.70-0.90 prem.	0.70-0.90 prem.

Direct election guillotine anger

BY RICHARD EVANS, LOBBY EDITOR

MINISTERS FACED threats of disruption of Government business from furious Labour MPs yesterday when Mr. Michael Foot, Leader of the Commons, announced that the Bill proposing direct elections to the European Parliament was to be guillotined next week.

The announcement took both Labour and Conservative MPs by surprise, and the outcome of the Commons division next Thursday timetabling the Bill's committee stage to a further three days is by no means clear.

A substantial number of Labour MPs are certain to vote against the guillotine or abstain on the grounds that the Bill is contrary to Labour Party policy, and many Tory MPs will also oppose it.

Tories will almost certainly be allowed a free vote—the final decision will be taken by the Shadow Cabinet next Wednesday—and the indications last night were that more than half might vote against any Government attempt to curtail debate, even though the party remains strongly committed to direct elections.

This could make the result close, as Labour MPs will be on a two-line Whip which will allow abstentions. Leading anti-Marketeers in the Cabinet are likely to abstain.

The Government will have difficulty in gaining maximum

Continued on Back Page
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FINANCIAL TIMES

Owing to mechanical problems in the machine room, it was not possible to print all the copies of yesterday's Financial Times. We apologise to those readers who did not receive their copy.

Big power station export deal near

By Lynton McLain, Industrial Staff

BABCOCK AND WILCOX and General Electric are in the final stages of negotiating Britain's biggest single power station export contract.

A letter of intent for the £100m. Hong Kong deal has been placed with GEC turbine Generators and a formal contract is expected to be signed in March.

The deal will safeguard 2,000 jobs which otherwise might have been at risk. It will provide heavy engineering work until 1983 and could lead to further power station orders worth another £100m.

Specifically, the contract will be for a 700 megawatt power station on mainland Hong Kong to be run by a joint company—Kowloon Electric Supply Company—owned by China Light and Power, a Hong Kong electricity utility, and Eastern Energy, part of the U.S. Exxon oil group which will have 60 per cent. of the equity.

Exxon and China Light own and operate a GEC-equipped station at Tsing Yi through the Peninsula Electric Power Company.

Important

GEC will provide two 350 mw turbine generators worth £50m. with Babcock and Wilcox (Operations), the principal subcontractors, supplying the dual £50m. coal and oil fired boilers. L. G. Mouchel and Partners will be responsible for the civil engineering design.

The station will be designed so that it can be doubled in size to 1,400 megawatts.

The deal is important for its size and for the part in the negotiations played by the Industry Department, which resulted from a meeting of Sir Lawrence Kadoorie, China Light's chairman, Mr. James Callaghan and Mr. Alan Williams, Minister for Industry, in London last March.

Sir Lawrence said that he hoped "internationally competitive" prices would be offered by British manufacturers. The company formed by China Light and Exxon wanted to buy British "as this had been past practice."

Credit

Mr. Williams said yesterday that this was the "first time ever" that the Industry Department had taken a leading role in contract negotiations. China Light had wanted negotiations completed quickly and needed a body to "pull it all together."

The Export Credits Guarantee Department is involved in the U.S.\$350m. credit over 8½ years at 7¾ per cent. fixed interest to be arranged by J. Henry Schroder Wagg and Company. The deal with China Light is at fixed prices subject to penalty clauses for late delivery.

Carter says dollar will be protected

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Jan. 19.

PRESIDENT Jimmy Carter promised to-night to protect the integrity oft he dollar, urged passage of his deadlocked energy Bill, and provided broad details of his tax-cut proposals in a first State of the Union address which concentrated mainly on economic affairs.

Both the text of the address and an accompanying detailed message to Congress consisted mainly of a recitation of what the Administration had accomplished in its first year, and the plans for the year ahead.

The tone reflected the managerial approach that Mr. Carter endeavours to bring to bear, particularly in domestic affairs. The speech was due to be delivered to Congress and televised nationally later to-night.

Truman

But the traditional rhetorical element was also present. Mr. Carter, describing the present state of the union as "sound," likened current times to the years when Harry Truman was President, when there was no single overwhelming crisis, but profound national interests were at stake and "it becomes the task of leaders to call forth the vast and restless energies of our people to build for the future."

Not surprisingly, given the emotional funeral ceremonies for former Vice-President Hubert Humphrey last week-end, Mr. Carter concluded his address by invoking the ideals of Mr. Humphrey of "reconciliation, rebuilding and rebirth."

The speech broke little new ground beyond formal disclosure of the tax cut provisions, many of whose details had been leaked in advance and which will be formally unveiled this week-end.

Foreign audiences, in particular, had ben eagerly awaiting a Presidential pronouncement on the dollar. In the address, Mr. Carter merely promised to do whatever was necessary to defend its intergrity. But in the accompanying message he spelled out U.S. policy at greater length.

The right policies, he said, were threefold: A healthy and growing U.S. economy, with adequate investment, a prudent budget and declining inflation, ensuring American competitivity and a greater inflow of foreign capital; energy conservation and development of alternate sources of supply; and a more vigorous world economy, with stronger growth in countries like West Germany, Japan, Switzerland and Holland, which would help reduce the U.S. deficit.

"Factors already at work," he said, "will reduce our trade deficit. Economic activity in Europe and elsewhere should rise.

"Our oil imports should level off this year. The effect of new exchange rates that have already occurred will, when their full effect is realised, improve our trade balance by several billions of dollars.

"While our trade and payments deficits in 1978 will be large, our external position should show some improvement."

It was necessary, the President said, "to move away from crisis management and establish clear goals."

Above all, in the field of energy, acknowledging the difficulties, he nonetheless contended that "the fact remains that on energy legislation we have failed the American people.

"The lack of an energy programme undermines our national interest both at home and abroad. We must succeed, and I believe we will."

The tax cuts, as already known, amount to a net \$25bn. \$17bn. to individuals and \$8bn. to corporations, through, Mr. Carter said, "substantial cuts in corporate tax rates and improvements in the investment tax credit."

Tight Budget

Mr. Carter promised a "lean and tight" Budget, with an emphasis on cutting waste.

The fiscal 1979 Budget, to be unveiled on Monday, will be less than 2 per cent. up on the current year on the spending side, the smallest such increase in the last four years.

The deficit, he added, would be only slightly less than the present year, about \$60bn., though it would have been much less but for his proposed tax cuts.

Mr. Carter spoke of his anti-inflation plan, to be announced to-morrow. This programme "would be voluntary and was intended to moderate inflation by holding wage and price increases in each sector of the economy during 1978 below the average increases of the last two years."

Mr. Carter stressed that he did not believe in wage and price controls.

Human rights

The President's remarks on foreign affairs were relatively perfunctory—apart from renewing his vigorous commitment to support the cause of human rights throughout the world.

He stressed the importance of Senate ratification of the Panama Canal treaties and of the SALT treaty with Russia, when negotiated. He pelged a strong defence and a further upgrading of the U.S. military commitment to Europe.

CONTENTS OF TO-DAY'S ISSUE

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Andreotti asked to form new Italian government

BY DOMINICK J. COYLE

ROME, Jan. 19.

SIG. GIULIO ANDREOTTI, the outgoing Prime Minister, was to-night asked by President Leone to try and form a new Italian Government, a difficult task in which he faces the continuing demand by the Communists (PCI) for their direct inclusion in the next administration.

The Prime Minister-designate, whose Christian Democrat Party has said it would prefer new elections rather than concede a share in Government to the Communists, gave three priorities for any new administration: an end to violence in the cities; more employment opportunities for young people; and economic measures to ensure the present stability of the lira.

Sig. Andreotti's minority Government resigned on Monday after the Communists, Socialists and Republicans had signalled they were not prepared to continue tacitly supporting his Administration through a policy of abstaining on key parliamentary votes. All three opposition parties have called for the establishment of an "emergency Government" to tackle mounting political violence and the deteriorating economic situation, in particular rising unemployment.

The central directorate of the Christian Democrats has scheduled a special meeting for to-morrow morning, presumably to plan strategy for approaches to the opposition parties in Parliament where the PCI is the second largest group. Formal negotiations will open on Monday between the party leaders.

Sig. Andreotti's hope is that the PCI will drop its demands for inclusion directly in a new Government and settle for an all-party consultative process through which the new administration would consult in advance on all major proposals.

As an additional concession, Sig. Andreotti might accept in a new Cabinet some technical experts known to be sympathetic to the views of the Left, notably *the Communists.*

The chances of Sig. Andreotti succeeding in forming Italy's 40th government since the collapse of fascism in 1943 are by no means assured, and the negotiations are likely to be tough and protracted. The Communists, whose possible inclusion in the government is being opposed strongly by the Carter administration in Washington, greeted to-night's formal nomination of Sig. Andreotti with the assertion that their *demands remained unchanged.*

Privately, however, PCI sources indicate that the party would settle for less. For how much less, Sig. Andreotti will have to try and determine over the coming weeks.

Spanish trade deficit falls

By Robert Graham

MADRID, Jan. 19.

SPAIN ended 1977 with a slightly improved trade position thanks to a dampening of import demand and an unexpectedly strong export performance. According to figures released by the Ministry of Commerce, imports totalled Pts.1,350bn. ($16.5bn.) while exports reached a record Pts.775bn. ($9.45bn.).

This resulted in a 1.9 per cent. drop in the overall trade deficit in pesetas compared to 1976. But, if measured in constant prices the performance was much more impressive, given that Spanish inflation last year was an estimated 27-28 per cent.

Imports increased in value by 15 per cent. in pesatas, while exports rose 32 per cent. These increases however are misleading since exports began to accelerate in July after the peseta devaluations, and import demand *began to fall* off in August when tight credit restrictions were applied.

As a result of these two interacting elements the real reduction in the trade deficit occurred in the last half of the year, especially the last quarter. For instance imports in December rose only 1 per cent. in peseta terms against the same month in 1976, and the trade gap was reduced to Ptas.32.8bn. against the monthly average of Ptas.48bn. for the year as a whole.

Of particular note was the fall in the volume of crude oil imports. The volume of crude imports fell by 6.3 per cent.—although in value to pesetas they rose 27 per cent. Oil imports are still, however, the *chief item influencing* the adverse terms of trade. As for exports, the most dynamic sector was car sales which totalled Ptas.49bn.

Figures for the balance of payments have yet to be released, but it seems that the current account deficit will be around $2.8bn., instead of $3bn. envisaged in July. This is a healthy improvement on the exceptionally high deficit of $4.3bn. registered in 1976.

According to figures released by the Bank of Spain to-day, reserves in 1977 rose $1.19m. to $6.13bn. at the end of December. This was achieved despite a sharp fall of $1.2bn. in reserves prior to the July devaluation.

While the external position has improved the domestic economy is still in the throes of recession. The growth in industrial production, which in the first quarter of the year was over 7 per cent., is now down to just over 1 per cent., *and still falling.*

Moreover with the start of the New Year, the full impact of the recession and the Central Bank's tight credit policy has been reflected in layoffs and short time in industry. Steel is the most affected sector.

By general agreement, the first quarter of 1978 is expected to be crucial for the success of the package of economic measures agreed in October by the Government and the main opposition parties.

The official view, repeated only yesterday by Professor Enrique Fuentes Quintana, the Economy Minister, is that the economy is now in the worst of the trough and will soon begin to bottom out.

***The main cause for optimism* appears to be the success so far of the Government in maintaining its 22 per cent. wage increase ceiling.**

Reuter adds: King Juan Carlos will make a private visit to Britain to-morrow, *coinciding with soundings being made by Spain on prospects of solving the Gibraltar dispute.* It will be the King's first trip to Britain since he assumed the throne in 1975.

THE REPERCUSSIONS OF THE POULLAIN AFFAIR

Questions on the Landesbanks' role

BY JONATHAN CARR

BONN, Jan. 19.

THE DANGER of an early split in the coalition Government of the State of North Rhine-Westphalia over the so-called "Poullain Affair" seemed to-day to have been averted. But it is widely expected that Herr Ludwig Poullain's fall as chief executive of the Westdeutsche Landesbank (West LB)—and the events surrounding it—will have further repercussions in German banking and politics in the months to come.

There will certainly be a lengthy legal wrangle. Herr Poullain has made it clear that he will fight the decision of the bank's administrative council on Tuesday to dismiss him—a decision rescinding an accord of December 23 under which Herr Poullain resigned.

The representatives of the State on the administrative council maintained that new facts had come to light and that Herr Poullain had acted in violation of his duties to the bank—which among other things acts as the State's central bank.

Herr Poullain strongly insists that he has not failed in his responsibilities. Instead he charges the Government with attempting to make the West LB *an instrument of State policy*, to the detriment of its role as a full competitor with other major banks at home and abroad.

This point lies at the core of the affair. The role of the Landesbanks in the federal republic has been increasing, not least through the dynamic influence and example of Herr Poullain himself. But is it possible that this expansion might actually be at the expense of the interests of the State in which the bank is situated? How far *should these banks be subject to* control by State authorities? And how far is it possible for politicians to keep close watch on the sophisticated operations of a modern bank?

All these questions were being asked before the latest events in North Rhine-Westphalia. But they have become more urgent, being emphasised by the political crisis which erupted in the state and threatened to spread.

It was only after intense pressure *from the federal* party leadership in Bonn this week that the coalition of Social Democrats (SPD) and Free Democrats (FDP) in North Rhine-Westphalia stayed together. Feeling still runs high, but the consequences of a split have caused both sides to draw back from the brink.

Historically, North Rhine-Westphalia was the first provincial state to have an SPD-FDP coalition. Only later did the same two parties form an alliance in Bonn to form *the federal government* partnership which exists to this day. A split in North Rhine-Westphalia would thus have been deemed by many to herald a weakening at federal level too—in a year which will see four key *state elections in West Germany.*

The immediate problem for the Government involved Professor Friedrich Halstenberg, the SPD Finance Minister, who was alleged not to have kept Government colleagues fully informed on developments involving Herr Poullain and the bank.

The FDP insisted that Professor Halstenberg should go while the minister's party colleagues stood behind him. Finally, on Tuesday night, the SPD Prime Minister Heinz Kuehn accepted Professor Halstenberg's resignation, and the FDP was placated on this point.

Now the spotlight switches to Herr Kuehn himself, who is also SPD. He has made contradictory statements which place his own future in question. It is widely expected that he too will have to step down, but probably only when the latest public displays of tension have subsided.

Soares to be Prime Minister

BY DIANA SMITH

LISBON, Jan. 19.

PRESIDENT Antonio Eanes of Portugal was seeing Sr. Mario Soares late this evening. Before the night is out, an official presidential announcement will proclaim Sr. Soares as the new Prime Minister.

After Sr. Soares informed President Eanes yesterday that he could form a new Government, and had his Socialist Party's authority to do so, the President formally endorsed Sr. Soares' proposals to set up an administration of a "Socialist base with Christian Democrat personalities."

This afternoon, the formal agreement laying the groundwork for this administration was signed by Socialist and Christian Democrat leaders.

The Socialist-Christian Democrat (CDS) agreement is binding until 1980, the scheduled date for a general election. Apart from recognising the need for streamlining the Government, for civil service reforms and upholding the role played by private *enterprise, the pact includes* an urgent economic stabilisation plan for 1978.

This plan, aimed at reducing the balance of payments deficit (now $1.2bn.) admits that Portugal is unable to obtain the massive finance from abroad *which it needs without having to* adopt an economic stabilisation programme. Every country prepared to offer financing has insisted that such a programme must be negotiated with the IMF.

The plan commits itself to moderate growth of the gross domestic product, to holding the annual rate of inflation at 20 per cent. and wages rises at the same figure, to increasing tax revenue and reducing subsidies in order to balance the 1978 budget.

It also includes restrictive monetary policies, albeit with some selectivity in order to encourage export industry, a new price code governing prices and profit margins for private and public firms. Also, it would discourage investment in capital-*intensive enterprises, so as to* encourage creation of jobs.

The President also reported his approval of the proposals to the Military Council of the Revolution, Portugal's constitutional watchdog, which, according to constitutional procedures, *must have its* say in the appointment of a Prime Minister.

To-day, President Eanes received the political parties represented in parliament (Socialists, Social Democrats, Christian Democrats, Communists and Radical Left).

The Communist Party has spoken out publicly against a Government shared by Socialists and Christian Democrats.

Leading Socialists are anxious for Sr. Soares to sign a pact with the Communists, and the Prime Minister will try to do this. Sr. Diogo Freitas do Amaral, President of the Christian Democrats, made it clear last night on nationwide television that his party would not participate in this agreement. It would be a separate arrangement between *Socialists and Communists.*

Labour Party 'to back EEC poll'

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

LUXEMBOURG, Jan. 19.

MR. RON HAYWARD, general secretary of the British Labour Party, hinted strongly to-day that he expected the party's national executive committee to back the *principle of participating* in the planned direct elections to the European Parliament when it meets, next Wednesday.

Calling for a rapid decision, he said that it was "inconceivable" that the committee would choose to boycott the election, because that would rob the party of any control over candidates who ran for the European Parliament under the Labour banner.

Mr. Hayward, who was accompanied by the party's national agent, Mr. Reg Underhill, on a visit to the European Parliament, said he hoped that the Labour Party would play its full part in the EEC now that its continued membership was widely accepted as irrevocable.

He made it clear, however, that the Labour Party insisted *on entering the direct elections* campaign on a platform of its own design. It was resolutely opposed to the proposal advanced in some other parts of the EEC that Socialist parties throughout the Nine should unite behind a common platform.

*He told a meeting of the Con*federation of European Socialist Parties here that he believed that the direct elections campaign in each country would be waged mainly around national issues, and particularly at the performance of the Government in power in each capital.

While he would not object to general guidelines being drawn up jointly, attempts to produce a single manifesto would only lead to disagreements. The Labour Party did not expect to be told by other Socialist parties how to organise its campaign, any more than it would presume to advise them.

While Mr. Hayward's attitude towards the principle of a directly elected European Parliament appeared less hostile than in the past, both he and Mr. Underhill left the strong impression that they would be happy to see the actual elections delayed as long as possible.

Mr. Underhill argued that time was needed to instruct both party activists and voters on how the EEC functioned and to study ways in which directly elected European MPs could be held accountable both to their constituents and to national parliaments.

Mr. Hayward claimed that he had seen no evidence of any surge of public opinion in favour of *early* direct elections anywhere in the EEC. He suggested that politicians who talked of such pressures were speaking for themselves and not for the mass of European electorates.

His analysis appears to have *been borne out, in part at least,* by the communique issued by the Confederation of Socialist parties after its meeting. This stressed that a firm date for the elections should be set by April, but implied a general acceptance that they might not take place until the first *half of 1979.*

EIB financing rises 23.5%

BRUSSELS, Jan. 19.

THE VOLUME of European Investment Bank (EIB) financing operations rose by 23.5 per cent. in 1977 to about 1.57bn. European units of account (about $1.3bn.), while the funds raised on international capital markets climbed by *55* per cent., the Common Market's long-term financing institution reported to-day.

The increase should be seen in line with the call by the member states on the bank to accelerate the expansion of its activities, the EIB said in a first review of its activities last year.

This year should see the pace of the bank's activities quicken further as a large number of financing operations have already been approved by its board of directors and are now awaiting signature.

To finance its 1.57bn. u.a. lending in 1977, the bank raised *1.161bn.* u.a.

As in 1976, Britain received the largest share of the total financing in the EEC, receiving 489.55m. u.a. in 1977, up from 417.6m. Italy was next with 425.67m. (382.6m.) and France recieved 296.47m. (60.1m.).

About 32.73m. u.a. went to Denmark (9.1m.) last year, West Germany received 28.41m. (110.8m.) and Ireland 79.69m. (57.4m.).

AP-DJ

W. German newspapers stopped over technology negotiations

BY ADRIAN DICKS

BONN, Jan. 19.

READERS in Munich, some other regions of Bavaria, and parts of Hessen and Lower Saxony were deprived of their morning newspapers to-day, as negotiations between the printers' union, IG-Druck, and the publishers' federation moved into a new and apparently critical phase.

Stoppages have previously *taken place in other parts of* the country, with varying effects on newspaper and periodical production.

Late to-night, it was still not clear whether the two sides could reach agreement. Failure of the talks, according to Herr Leonard *Mahlein, president of IG-Druck,* would make further industrial action unavoidable. Meanwhile, the Friday editions of the Stuttgart morning papers, and of the Duesseldof-based business daily Handelsblatt, were not expected to appear.

To-day's stoppages came at the end of several weeks of intermittent negotiations, all so far unsuccessful, over the introduction of new technology into the industry.

Issues of pay and fringe benefits, though also on the table, are considered by both sides to be secondary to the resolution of the problems posed by the substitution of computerised, cold-type setting and printing for the traditional hot-metal process.

Pressure on the part of West German newspaper managements for the introduction of the new technology has been building *up over several years—as it has* in the U.K. and other countries.

Concern about its implications for their jobs was one of the reasons why printers struck—for the first time in post-war German history—in the spring of 1976.

The employers have made what they claim is "an offer without precedent in the history of West Germany," in terms of the cushioning it would offer linotype operators and other workers whose jobs would disappear with electronic setting.

The general manager of the newspaper publishers' federation, Herr Ruediger Niemann, has said that not one skilled worker would lose his job. The package offer includes provisions for retraining for those printing workers who undertook new skills or who had to find jobs in new industries.

*It also guarantees to the dis*placed compositors and typesetters their present basic rates of pay, whatever their new job—though not the overtime, night and Sunday extra payments that make up an important part of their total incomes.

The union side is, however, not only attempting to defend present wages and conditions, but also wants to establish the principle that future entrants into the industry should continue to have the pay and the skilled status to which printers have been used with hot metal. This demand has been rejected by the employers.

A further issue in the talks, which are currently continuing in a small group of union top leaders with the publishers' leaders, is the future role for journalists in the use of video display terminals. Here, too, there are fears that redundancies and the downward classification of some jobs could follow the cost-saving new equipment which the publishers want to introduce.

Cyprus plan for UN in February

By David Tonge

ANKARA, Jan. 19.

A DRAFT constitution for a *federal Cyprus and proposals for the future territorial division of* the island are to be given by the Turkish Cypriots to Dr. Kurt Waldheim, the UN Secretary-General, by probably the end of February.

Mr. Rauf Denktash, the Turkish Cypriot leader, said this in an interview to-day at the end of his talks with the new Turkish Government of Mr. Bulent Ecevit.

The proposals will probably be handed over after the Cypriot Presidential elections due next month. This should allow the long-stalled intercommunal talks to start in Vienna by March.

Mr. Ecevit to-day said on questions of the territory which Turkey and the Turkish Cypriots hold in northern Cyprus: "We believe that proposals could be made about some adjustments, provided these are within reasonable limits and do not endanger the security of the Turkish Cypriots."

Mr. Denktash to-day said the question of territory has to be worked on again. The Turkish side would consider returning Famagusta to the Greek Cypriots. He argued in favour of a transitional government, dealing with a limited range of matters.

Mr. Denktash said that the *Turkish Cypriots are proposing* that the Presidency should rotate between the two communities. He said that the final draft of the Turkish Cypriot proposals would be put in constitutional form by the Turkish constitutional lawyer, Professor Mumtaz Soysal who helped draft the present Turkish constitution after the 1960 military revolution.

Our Athens correspondent writes: Greek Premier Constantine Karamanlis is prepared to meet Turkish Prime Minister Bulent Ecevit to discuss disputes between the two countries, an official announcement said here

Greek investment

This year's public investments programme provides for expenditure totalling 55bn. drachmas ($1,527m.), about 20 per cent. more than in 1977, Greece's Minister of Co-ordination, George Rallis, has announced. Our Athens Correspondent reports that the Minister *said the amount* underscored the Government's intention to boost economic activity without exposing the economy to the dangers of inflationary pressure.

Envoy to Poland

President Carter yesterday nominated Mr. William Schaufele, rejected by the Greek government last year as envoy in Athens, as the new U.S. Ambassador to Poland, Reuter reports from Washington.

Confidence on Siberia oil

BY DAVID SATTER

MOSCOW, Jan. 19.

THE GIANT Samotlor oilfields have now reached peak production of 150 million tonnes a year and are expected to maintain this level for seven to eight years before output begins dropping off steeply in the mid-1980s.

Soviet officials in the Tyumen region of Western Siberia told a party of invited journalists that they are confident, however, that the Soviet Union has vast oil reserves and that new wells will be put into operation as old ones expire.

The group was told that although Soviet policy makers and oil officials recognise many obstacles in the development of Tyumen's vast oil deposits, including serious transportation problems through the marshland in the temperate summer *months,* they believe that Tyumen will meet its target of 305 million tonnes of oil in 1980. This is just under half the *projected oil* production for the Soviet Union as a whole.

Samotlor is believed to be the third largest oil field in the world. The news that it has reached its peak production sooner than expected comes as the Soviet Union makes final preparations for converting the field and the nearby Fyodorovsk field to gas-lift extraction methods to make oil exploitation considerably more efficient.

The Soviet Union has told Mannesmann Export AG and Baker International, Mitsubishi and Cameo, Technip Geoproduction, and Ishikawajima-Harima Heavy Industries along with Otis Engineering and Brown and Root to prepare for a final review of their technical proposals *for the project* early next month and then for final negotiations in Paris, where a decision will be made.

Row threatens over opposition chief in Austria

By Paul Lendvai

VIENNA, Jan. 19.

THE APPOINTMENT of Professor Stephan Koren, parliamentary leader of the opposition People's Party, as new president of the Austrian Central Bank threatens to cause a crisis in the party.

Dr. Josef Taus, the party chairman, failed in his bid to take over from Prof. Koren, when at a secret ballot, opposition MPs and members of the Upper House elected Dr. Alois Mock new executive chairman of the parliamentary faction.

Dr. Mock is president of the Employees' Federation, one of the three institutional pillars of the *People's Party.* He defeated by 57 to 45 votes the hitherto front-runner, Herr Robert Graf, the business community's candidate.

Two top party positions are now held by representatives of the workers and white-collar federation, generally regarded as the left wing of the party, while the secretary-general and Deputy Speaker of Parliament are delegates of the farming community. Thus, for the first time, the group comprising businessmen and the self-employed have no representative in a key party position.

Austrian newspapers to-day speculated that the election of the 43-year-old Dr. Mock may mark the beginning of a leadership struggle.

Dutch seek exchange rate review

BY CHARLES BATCHELOR

AMSTERDAM, Jan. 19.

THE international monetary authorities should hold a fundamental review of measures needed to lessen the instability of the present system of floating exchange rates, according to Dr. Amont Wellink, the Dutch Treasurer General.

Foreign exchange rate movements in 1977—in particular the sharp decline of the dollar—can be a serious threat to trade and to the international monetary system, he said.

The U.S. can expect to run considerable balance of payments deficits over the next few years and it is therefore important that it follows credible policies to finance these deficits.

Small shifts in expectations of the likely dollar rate could seriously upset foreign exchange markets.

Rumasa: economic crisis fails to deter Spain's boldest self-made man

BY ROBERT GRAHAM IN MADRID

IS IT POSSIBLE to become a millionaire in Spain merely by one's own exertions? Most people would quickly say "no," that no matter how astute a man, he needs powerful political friends and support from within the State apparatus. If this is the rule, then Sr. Jose Maria Ruiz-Mateos claims to be the exception. As founder of, and majority shareholder in, Spain's largest private holding company, Rumasa, he has a case. In 17 years he *has created an* empire of banking, property, construction, leisure and drinks interests worth by its own account £500m.

His is the most remarkable recent business success story in Spain. Rumasa banking interests account for 5 per cent. of bank deposits in Spain and make it the eighth largest banking group in the country. Sr. Ruiz-Mateos's property investments comprise some of Madrid's prime sites, including the recently-purchased skyscraper development, the Torres de Jerez, on the Plaza de la Hispanidad, where he also has his headquarters. Sr. Ruiz-Mateos has also established himself as the most internationally adventurous member of the Spanish wine trade, in particular through his purchase of Williams and Humbert and more recently, Augustus Barnett, in Britain.

Sr. Ruiz-Mateos, now 46, ascribes his meteoric rise from a small time wine trade background to hard work, opportunism, and a combination of luck and destiny—especially "destiny." His critics, and he has many, believe however that his progress has been assisted by powerful organisations like the Opus Dei, to which many prominent figures in Francoist Spain belonged, and protection from within the banking system, not*ably from Banesto, the largest* commercial bank group.

Traditional

Even his opponents, however, grudgingly admire his slick appreciation of company practice. Many have likened his rise to the ascent of Mr. Jim Slater in Britain. Sr. Ruiz-Mateos is an intuitively clever man, who combines modern business methods with a very traditional view of life. He is a staunch patriot and Catholic, and the father of 12 children.

As the emblem for Rumasa he chose a busy bee like that of Napoleon. He has always been extremely ambitious. In 1957, when barely graduated, he wrote a letter, with the aid of a dictionary, to the London Chamber of Commerce, asking for the address of Harvey's of Bristol. His purpose was to persuade Harvey's to drop their 13 existing suppliers and obtain sherry exclusively from the Ruiz-Mateos family who owned a small wine business in Jerez de la Frontera.

The idea was bold, and also in a highly tradition-bound trade and in a region where a family's social status was carefully graded, little short of impertinent. Harvey's were slow to show an interest. But in less than a year Sr. Ruiz-Mateos wrote them 34 letters, and eventually Harveys agreed to a 99-year exclusive supply contract.

This long-term supply contract with a prestigious British company proved about as good a collateral that could be found for borrowing in Spain and was the foundation stone on which Sr. Ruiz-Mateos' wealth was built.

On the back of the deal he was able quickly to become a force within the wine trade and in 1961 to form Rumasa (Ruiz-Mateos SA). Once Rumasa was estab*lished, he rapidly* diversified into banking, integrated further his wine interests, and then moved into the fast expanding tourist business by building and operating hotels, all the time consolidating a property portfolio.

Rumasa says that 15 per cent. of its interests are in property and construction. Banking and finance companies are understood to represent about 30 per cent. of total interests. But it is a wide flung empire that also includes food stuffs, shipping (for bulk sherry transport), and insurance.

Rumasa is a private company. Half the shares are owned by Sr. Ruiz-Mateos himself, the remainder by Ruiz-Mateos family interests. As his operations expanded and became more complex, he created three public mini-holding companies, Rumasina one, two and three. Although they were quoted on the stock exchange the shares were owned via Rumasa or through nominees. Therefore the Ruiz-Mateos family retained the majority.

In 1976 these three companies were merged into Rumasina with an enlarged capital first of Ptas.4.6bn. and then Ptas.5.2bn. This operation was achieved largely by Rumasa divesting itself of a "shell bank," Banco Meridional at Ptas.1bn. to Rumasina, which then sold it for Ptas.4bn. outside the group. Rumasina still acts as a mini-holding, with two banks, a drinks company and the Torres de Jerez buildings (bought for Ptas.2bn. last year) as its main assets.

More is known about Rumasina because it is a quoted company. Rumasa, a private company, can keep its financial position close to its chest. Sr. Ruiz-Mateos absolutely declines to give any details on earnings, pre-tax profits or net profits. His view is that while company law does not oblige disclosure he will refrain from doing so.

In this respect Rumasa is no different from many other private Spanish groups which jealously guard their financial secrets. But because Rumasa has become so large and diversified this secretiveness has caused suspicion and rumour. An important segment of the Spanish business community fights shy of dealing with Sr. Ruiz-Mateos. When last year he raised his 9 per cent. direct stake in Banco Atlantico, a *respected middle* ranking bank, to 27 per cent., at least one international bank told its clients to have no dealings with Atlantico.

Profitable

Replying to hostile criticism, Sr. Ruiz-Mateos's chief ammunition is that the group is still expanding, that it has built up from scratch to a capitalisation of Ptas.40bn., and has over 230 subsidiaries and affiliates. He also points out with justification that he has been involved in highly profitable and dynamic sectors.

One banker commented: "He entered the banking business just when the Spanish economy was booming — and when the small regional family based banks were feeling a little lost *in the new boom atmosphere."* His first acquisition was just such a bank—Banco Jimenez belonging to one family, with a Ptas.5m. capital and a single branch in Cordoba.

He realised that small family banks lacked the strength — or often the will, especially when offered a good price — to survive in a rapidly industrialising economy. He also realised that banks, no matter how small or what their problems, possessed goodwill and a licence. Someone who has followed his career remarked: "He has bought and sold banks like a stamp dealer sells stamps."

But above all else he has seen opportunity where everyone else was afraid. In 1974, a respected industrial bank, Banco Noroeste, found itself in difficulties. Discussions with the Bank of Spain and with other banks failed to produce agreement on a rescue. Sr. Ruiz-Mateos stepped in and obtained a majority *stake in* Noroeste in return for guaranteeing Ptas.3bn. worth of debts. Then, in one day, he sold a small Rumasa group commercial bank, Banco de Cordoba, for Ptas.1m. to Noroeste, which then sold it for Ptas.4bn. to a group of banks headed by an industrial bank, Banco Occidental, which merely wanted the licence.

Sr. Ruiz-Mateos believes that fortune has favoured him. When Showerings took over Harvey's in the U.K., his sherry supply contract was discontinued. But he bought Williams and Humbert, as a sherry outlet for a "bargain" £6m. *He is* now shipping 1m. cases of sherry to Williams and Humbert, way above what he shipped to Harvey's. The purchase meanwhile enabled him to deal with other wine merchants which the old Harvey's agreement had prohibited—including Showerings.

Acquisition

But does luck, initiative and hard work alone explain the acquisition *of such* a big empire so quickly? Sr. Ruiz-Mateos's critics believe that he has benefited from the protection of the powerful Opus Dei and the support of Banesto, which is reputed to be Rumasa's leading banker. He denies this. *In* any case the explanation almost certainly underestimates the ability of a clever man, using a young management group (in sharp contrast to the old men who control much of Spanish business) to make large sums of money in a boom.

The opportunities were there, especially in the sectors he has opted *for,* all of which he entered at the moment when the boom was gathering momentum. Attributing his success to outside support also is to ignore the availability of cheap credit, low taxes and the general absence of comprehensive company legislation. Such legislation is tightening now. Two Rumasa drinks subsidiaries are at the moment contesting a Ptas.161m. Government fine for their alleged failure to repatriate foreign earnings.

Meanwhile, Sr. Ruiz-Mateos presses on with his expansion plans, apparently undeterred by Spain's current economic crisis. Recently he made unsuccessful attempts to buy two large and prestigious, family banks, Banco Iberico and Banco Coca. This was really casting among the big fish — the two were subsequently bought by Spain's two largest banks. However, despite his record of success and the power of his urge to expand, Sr. Ruiz-Mateos has still to thoroughly convince the business community of his permanence—and they will not be won over until he provides more information about his activities.

U.K. stops sale of arms to El Salvador

By Hugh O'Shaughnessy

HE CONTROVERSIAL sale by ie British Government of 350.000 worth of armoured ehicles and other military quipment to El Salvador has een cancelled, a Foreign Office pokesman said yesterday, because of the situation in entral America." The cancella- on reverses the decision to sell nnounced last month.

The Foreign Office would not id to its statement but it is nderstood that continuing ipport by El Salvador for uatemala, including a pledge of ipport for any Guatemalan ivasion of the British colony of elize, weighed heavily in the ecision to stop the deal. uatemala claims sovereignty ver Belize.

Reports from San Salvador iid that, despite its assurances the British Government that ie weapons would not be used jainst Belize, the Salvadoreans ere reserving the right to use iem as they pleased.

The British Government also ppears to have decided that it ould be unwise to sell weapons El Salvador when Mr. Ted owlands, the junior Minister ith responsibility for Latin nierica, is having talks about e future of Belize.

Also weighing in the decision cancel were the long-drawn- it peace talks between El ilvador and Honduras about eir border dispute, and the rength of opinion in Britain oout the bad condition of iman rights in El Salvador. ie latter was the subject of rrespondence between church aders, notably Cardinal Basil ume, the Roman Catholic rchbishop of Westminster, Mr. imes Callaghan, the Prime inister, and Dr. David Owen, e Foreign Secretary.

After his second transatlantic ip in a week, Mr. Rowlands is pected back to-day from arbados and Jamaica where he id talks with Mr. Tom Adams, e Barbadian Prime Minister, r. Michael Manley, the Jamai- in Prime Minister, and Mr. eorge Price, the Belizean remier.

Last week, he conferred with r. Cyrus Vance, the U.S. Secre- iry of State, in Washington oout Belize.

As expectation mounts that ritain and Guatemala are oout to announce a new plan, r. Price is expected in London ext week for further talks with r. Rowlands.

Senate reveals influence of institutional investors

BY STEWART FLEMING

NEW YORK, Jan. 19.

NEW DISCLOSURES about the influence which major banks and insurance companies can exercise over the affairs of some of the leading U.S. companies are contained in a Senate sub-committee report on institutional share ownership just released.

The report—by the Senate Government Affairs sub-committee, which was chaired by Senator Lee Metcalf who died last week—has identified 21 large institutional investors who have significant voting power in 122 of the largest U.S. companies, who together account for 41 per cent. of the market value of the Common shares outstanding in the U.S.

The sub-committee's report has, for example, identified the voting shareholders controlling about 25 per cent. of the stock of International Business Machines, the giant computer company. Of the other companies examined, the sub-committee has identified as much as 40 per cent. of the stock-holders and, in some cases, up to 70 per cent.

The motivation for the investigation has been the secrecy surrounding share ownership in the U.S. and the belief, as the report puts it, that "the time has come for the hands on the levers of control of giant private corporations to be made visible to the public for its own protection."

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Whereas, in the U.K., lists of company shareholders are available at companies house or through the companies register in the U.S. no such public disclosure is required. Various government agencies and regulations require different degrees of disclosure. The Securities and Exchange Commission demands disclosure of a single owner of ten per cent. of a company's stock, or five per cent. if it is acquired rapidly and could be the prelude to a bid.

The sub-committee has pieced together information from these sources — including disclosures required of insurance companies, investment companies, charitable foundations, pension funds and proxy statements—in order to come up with its analysis. A spokesman pointed out that a variety of state laws, requiring disclosure to other shareholders in the same company, can be another means of eleciting of information.

He pointed out that one of the difficulties of collating this information is the use of nominees or "street names" in which shares are held by non-beneficial owners.

The report identifies Morgan Guaranty, Citibank, Teachers Insurance and Annuity Association of America, College Retirement Equities Fund, Capital Research and Management, and Prudential Insurance Company of America as the institutions most frequently listed among the top five shareholders in the 122 companies.

The banks' position reflects the voting power of their trust management operations, the committee spokesman pointed out, adding that one of the criticisms made in the report is of the voting power of the investment managers. The report, he said, suggests that this voting power should be passed to the pension funds or trustees, or not be exercised.

SEC chairman, page 26

Savings banks suffer net outflow

BY OUR OWN CORRESPONDENT

NEW YORK, Jan. 19.

RISING short-term interest rates are being held largely responsible for a $75m. net outflow of funds from U.S. savings banks last month.

Savings and loans-associations are limited by law on the amount of interest which they can pay on deposits, and their limits have recently been exceeded by interest rates on bonds and Treasury bills.

The possible movement of savings from one into the other is a nightmare haunting many economists. This phenomenon, known as disintermediation, is seen as a threat to the housing market for, if savings institutions become pinched for funds, fewer mortgages become available, and one of the important motors powering economic growth, housing construction, could be adversely affected.

Mr. Saul Klaman, president of the National Association of Mutual Savings Banks, claimed yesterday, "the steady rise in open market interest rates" during December altered the $99m. net accumulation of funds in November into a net loss last month.

The trend in December towards higher short-term rates has been strengthened by the Federal Reserve Board's move to tighten credit this month as part of the battle to stabilise the dollar. Since the start of the year, short-term rates have increased by up to 0.5 per cent. and the possibility of a further rise cannot be ruled out. The largest commercial bank in New York, Citibank, yesterday called on the Fed to tighten credit even further in pursuit of greater international confidence in the dollar.

Canada gas swap scheme

BY JAMES SCOTT

TORONTO, Jan. 19.

CANADA AND the U.S. have discussed the possibility of a swap arrangement for natural gas. No formal agreement has been reached, but Canada may increase its gas exports to the U.S. in the short term, in return for Alaskan gas when the Alaska highway pipeline has been built.

The plan was tentatively agreed during a two-day visit to Canada by Mr. Walter Mondale, the U.S. Vice-President, in discussions with Mr. Pierre Trudeau, the Canadian Prime Minister, and Mr. Peter Lougheed, Premier of Alberta.

Mr. Trudeau told a news conference that if the swaps being promoted by Mr. Mondale were genuine he did not expect the Canadian Government to object to them. However, the National Energy Board (NEB) would have to review and approve any arrangement.

Mr. Lougheed said that while he had not directly endorsed such an agreement, the ground had been cleared for private interests to pursue individual transactions. Under the constitution, the government of Alberta controls gas exports from the province.

According to Mr. Mondale, access to surplus Canadian gas would be vital to solving the short-term U.S. energy supply problems. If an agreement is reached, an early start would be made on construction of the southern sections of the Alaska highway pipeline

Court order sought to stop options business

By John Wyles

NEW YORK, Jan. 19.

THE FEDERAL Government is to-day seeking a court order to close down a commodities options business started 18 months ago by an ex-convict as a vehicle for what appears to be a spectacular fraud amounting to millions of dollars.

Evidence already uncovered by the Federal Bureau of Investigation and various authorities in individual states indicates that the name Lloyd Carr will become associated with one of the boldest swindles in options trading. Until last week, its creator, Mr. James Carr, was in trouble with the courts for ignoring orders to cease trading in commodities futures options. But the case took on elements of a cause celebre when routine finger-printing revealed that Mr. Carr was none other than Mr. Alan Abrahams who had a 22-year record of criminal activities culminating in his escape from a New Jersey state prison farm in December, 1974.

Abarahams/Carr had been arrested on January 10 on a charge of violating the court order to cease trading and, by the time his real identity became known, he had skipped $100,000 bail and is believed to have headed in the general direction of Bermuda

Subsequent investigations have revealed that investors' money lodged in various Lloyd Carr bank accounts has been removed and possibly $1.7m. deposited in Bermuda or the Cayman Islands, and another $1.3m. sent to Canada.

The fraud is already throwing up dozens of questions about the adequacy of the Commodities Futures Trading Commission's (CFTC) regulation of options trading, and about the powers of existing laws to prevent frauds of this kind. In essence, Lloyd Carr was able to develop up to $50m. worth of business from private investors without being registered with the CFTC

A CFTC spokesman admitted this morning, "We have no idea whether the options sold to the public were genuine or not." Futures options trading in domestic U.S. commodities has been banned since 1936 because of their highly speculative nature and the scope for misdemeanour. However, options on international commodities traded in the London market are permitted, and this was the basis of Lloyd Carr's activities.

Growth in GNP down to 4.2% in last quarter

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Jan. 19.

THE U.S. gross national product grew in real annual terms by only 4.2 per cent. in the final quarter of last year, according to preliminary estimates, which may be substantially revised, put out to-day by the Commerce Department.

This was the slowest rate of growth in any of the 1977 quarters, comparing with 7.5 per cent., 6.2 per cent. and 5.1 per cent. respectively in the previous three monthly periods.

For the year as a whole, according to the Commerce Department's estimates, GNP rose in real terms by 4.9 per cent. compared with 6.0 per cent. in 1976 and −1.3 per cent. in 1975, the last year of the recession.

Nominal growth in 1977 was 10.8 per cent., reflecting an inflation rate of about 6 per cent., up slightly from the previous year. The pace of inflation was quickening in the last quarter, with prices rising at an annual rate of more than 6 per cent. compared with less than 5 per cent. in the third quarter.

The Commerce Department ascribed both the lower annual and fourth quarter rate of growth principally to a slowdown in the rate of inventory accumulation compared with 1976, when business stockpiling was a major factor fuelling the economic recovery.

As measured by real final sales, the economy did rather better in 1977 than in 1976, with last year's 4.7 per cent. increase up on the previous year's 4.5 per cent.

The level of demand in the economy, reflected by personal spending, personal income and purchase of both durable and non-durable goods, was rising more sharply at the end of last year, as was business fixed investment and capital spending.

But inventory investment went up in the final quarter at only half the rate of the previous three months.

The overall figures come as no surprise and had been presaged in Congressional testimony by the Department's chief economist last week.

The general official and private expectation for 1978 is for real growth to pick up a little to the region of 5 per cent. annually in the first half of the year.

After that, some decline in the rate of growth is anticipated, something the administration hopes to correct with its $25bn. stimulatory tax reductions, which, if Congress approves, are designed to take effect in the autumn

Judge to be new FBI director

BY DAVID BELL

WASHINGTON, Jan. 19.

PRESIDENT CARTER to-day named at St. Louis judge to be the new director of the Federal Bureau of Investigation, thus ending a long search for a new man to restore the morale of the leading U.S. law enforcement agency.

Announcing the choice, Mr. Griffin Bell, the Attorney-General, said that the new head of the FBI will be Mr. William Webster, now a federal appeals court judge in St. Louis. Mr. Webster, aged 53 and a Republican, had been tipped to fill the last vacancy on the Supreme Court.

Mr. Webster will be only the third director of the FBI. For some 30 years, it was dominated by the late J. Edgar Hoover, who died while still the director in 1972. Since then, the bureau has been widely criticised—and its public image has been tarnished—as a result of a series of revelations about allegedly illegal wire-tapping, and attempts to smear civil rights leaders and others with whom Mr. Hoover did not see eye to eye.

U.S. and USSR make tit-for-tat expulsions

By Our Own Correspondent

WASHINGTON, Jan. 19.

THE U.S. has expelled a Soviet diplomat for "flagrantly improper activities," the State Department said to-day, and the Soviet Union has retaliated by expelling a U.S. commercial attache from Moscow.

A State Department spokesman said that the latter expulsion was completely unjustified and, as a result, the U.S. was about to declare a second Soviet diplomat persona non grata. "We hope this process is not going to go on and on," he added.

The department would give no reason for the original expulsion, and would not confirm that espionage was involved. But Mr. Trattner said that the U.S. did not view the episode as a worsening in Soviet-U.S. relations

Bolivia amnesty granted

BY ROBERT LINDLEY

BUENOS AIRES, Jan. 19.

PRESSED by a three-week hunger strike by Bolivians protesting against the limitations of an amnesty for political exiles and prisoners announced by President Hugo Banzer a month ago, the Bolivian military regime has granted a general amnesty to them. The strikers then called off their action.

The hunger strike had spread to ten cities and ultimately was joined by more than 1,300 strikers, among them the former president, Sr. Luis Siles Salinas. Gen. Banzer announced the new amnesty, which will allow all exiles to return to Bolivia, on national radio and television. He said that the amnesty would take effect immediately, as part of his plan to return Bolivia to democratic rule in July this year when preseidential elections are to be held.

He said that the Government also agreed to reinstate all workers fired for labour union activities. But the Government has not agreed to lift a ban on union activities, nor to withdraw troops which have been occupying the tin mining area for more than two years.

Peru-Ecuador clash

A long-standing border dispute between Peru and Ecuador has erupted in new fighting, Reuter reports from Lima. The Peruvian foreign ministry accused Ecuador of occupying areas of Peru and attacking border posts. For more than a century, Peru and Ecuador have disputed sovereignty over jungle territory near the upper Amazon.

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Washington is ready to step in

BY DAVID BELL

WASHINGTON, Jan. 19.

THE sudden breakdown in the Jerusalem talks between Israel and Egypt, which caught the United States completely off guard, leaves the Carter Administration once again in a key position but, this time, it appears to have no clear idea of what to do next.

A senior White House official said last night that the U.S. believes that both Israel and Egypt want the talks to continue and that President Carter, who talked for ten minutes with Mr. Sadat on the phone yesterday, is optimistic that the division between the Egyptian President and Mr. Menahem Begin, the Israeli Prime Minister, is only temporary.

But this official optimism does not conceal American uncertainty about the Egyptian President's motives. The most oft expressed view here is that Mr. Sadat's abrupt recall of his Foreign Minister had been planned some time ago and that Mr. Begin's abrasive comments at a Jerusalem dinner two nights ago gave Mr. Sadat the perfect excuse for doing what he intended to do anyway.

Mr. Sadat will now publicly call on the U.S. to push Israel further towards the Arab posi-

tion and, possibly, suggest that he, Mr. Begin and President Carter should meet in Washington.

Mr. Sadat is now clearly expecting the U.S. to play an even more central role in the talks. The problem is that it is by no means clear what kind of pressure the U.S. may be prepared to exert on Mr. Begin.

President Sadat has already succeeded in one of his aims. He set out to persuade the American people that the Arabs—or rather the Egyptians—are reasonable people in contrast to the Israelis.

In theory that should make it easier for Mr. Carter to apply new pressure on the Israelis if not on the Palestinian issue at least on the question of settlements in the Sinai. But the Carter administration feels that it is unwise to push Mr. Begin too hard at this time partly because he is tired (and might over react) and partly because the Israeli Prime Minister has come under formidable domestic political pressure and cannot be seen to be running ahead of his supporters.

There is much apprehension, too, that President Sadat, may feel tempted to abandon his initiative. It is recognised here that the Egyptian President gambled on his belief that a series of sudden "shocks" might be enough so to change the relationship between Israel and Egypt that real concessions would be possible.

Washington could now threaten to reduce non-military aid, slow arms exports or withhold new weapons systems. But any or all of these actions would undoubtedly incur the wrath of the American Jewish community even though it is as puzzled as anyone else by the events of the past two months.

It seems likely that the U.S. will try to patch up the Sadat/Begin rift and will try to convince Mr. Sadat that he should be a little more patient. At the same time an attempt will be made to make the Israelis see the need to be more flexible. What will happen if this fails is what really worries many officials here.

Atmosphere of distrust spreads further

BY MICHAEL TINGAY

CAIRO, Jan. 19.

THE FALTERING of peace negotiations in Jerusalem has been made worse because of a growing atmosphere of mistrust between Egypt and Israel and, what is more serious, between Egypt and the U.S.

But fears that President Sadat might resign were dampened to-day when it became clear that his top aides are working to persuade him that such a step is unnecessary while he retains the support of the Egyptian people.

These were the main points to emerge here to-day as the political dust began to clear following the recall of the Egyptian delegation at the Jerusalem peace talks.

A Western diplomat explained the deterioration of relations between President Sadat and Mr. Menahem Begin, the Israeli Prime Minister. "Begin came to Ismailia at Christmas and found the Egyptian leader unwilling to make concessions he believed would be made. Returning home Begin found the domestic atmosphere had hardened and he responded with conditions that were so tough on Sinai and the question of Israeli settlements that, in effect, Begin backtracked on much of what had been understood by the Egyptians."

When President Sadat heard Mr. Begin's speech in Jerusalem it merely confirmed his worst suspicions. While disagreement on the declaration of principles and question of Palestinian self-determination has sown the seeds of mistrust, the immediate crisis is crystallised in the dispute on Israeli settlement in the occupied territories and withdrawal from Sinai. A military committee meeting would be meaningless under present conditions, added the envoy.

Analysts here believe that President Sadat's decision to recall his Foreign Minister was taken after some calculation rather than in anger after Mr. Begin's recent remarks as is claimed by the presidential aides.

There are three reasons for this: First, President Sadat was unhappy at the fact that his team had to attend the Jerusalem talks on the basis of an agenda which dropped the key phrase "self determination for the Palestinians."

Second, following the three hour discussion by Egypt's Security Council during last weekend's crisis when the talks were delayed, Mr. Kamel, the Foreign Minister was dispatched to Jerusalem with specific instructions on how firm a line he should take. Israel's response to Mr. Kamel's insistence on Palestinian self-determination was, say observers, anticipated.

Third, the Arabs hostile to Mr. Sadat's talks with Israel had been putting out feelers suggesting the Egyptian leader could be welcomed back into the Arab fold "if he admits his mistake."

The Egyptian leader is now expected to make an appeal to the world, and in particular the U.S., calling for more pressure on Israel, when he addresses the Egyptian Parliament.

The official Arab-Israeli positions

JERUSALEM, Jan. 19.

THE OFFICIAL text of the Israeli Cabinet statement issued after Egypt broke off peace talks with Israel said:

"The Government of Israel noted with regret the announcement of the Egyptian Government as to the sudden suspension of the negotiations within the framework of the political committee.

"This abrupt Egyptian announcement proves once more that the Egyptian Government was under the illusion that we would surrender to demands that at no time were acceptable to Israel."

The Egyptian delegation demanded of the Israeli delegation the withdrawal of Israeli forces from Sinai, the Golan Heights, Judea, Samaria (the West Bank) and Gaza.

"The Egyptian Foreign Minister on his arrival in Israel did not hesitate to demand that Israel transfer the old city of Jerusalem to foreign rule and further demanded the establishment of a Palestinian state in the territory of Eretz Israel (the land of Israel) in Judea, Samaria and in Gaza.

"Such a Palestinian state would have extinguished any prospect of peace and would have created a danger to the very existence of the Jewish state."

In Egypt, Mr. Abdel Moneim el Sawy, the Information Minister, said: "The President has taken this decisive decision to avoid the talks continuing in a vicious circle or going into side issues, moving from an issue whose examination had not been completed, to issues not up for discussion so as to make the negotiations engrossed in obscure and vague questions not serving their aim.

"If Israel believes that a settlement here or a settlement there, or an airport here or an airport there, is better in achieving its security than convicing its neighbours to live with it in peace, then this means it prefers a peace imposed by military force to a peace based on the conviction of the usefulness of peace."

Agencies

Arab fears over Mid-East future

By Ihsan Hijazi

BEIRUT, Jan. 19.

THE Arab world has reacted to President's Sadat's decision to suspend the Jerusalem negotiations with mixed feelings but there is some apprenhension as to where the Middle East may be heading.

Headlines in anti-Sadat newspapers here to-day called it another manoeuver by the Egyptian President, while Damascus Radio observed that after talking on the telephone with President Carter of the U.S., Mr. Sadat agreed to go ahead with the meetings in Cairo by the Israeli-Egyptian military committee.

A high-ranking official of the Palestine Liberation Organisation predicted that Mr. Sadat will soon be back at the negotiating table with the Israelis "in order to make additional concessions."

Syria and its allies in the anti-Sadat "steadfastness front" which emerged from last month's Tripoli conference, still insist that Mr. Sadat must step down as a precondition for a reconciliation with Egypt. Syria has organised rallies to mark the first anniversary of the riots which took place in Cairo and Alexandria.

The abrupt interruption of the Egyptian-Israeli negotiations has plunged the Middle East back into the impasse. Two months of contacts which followed President Sadats visit to Jerusalem in November, demonstrated that Arab-Israeli stands are irreconcilable according to some observers.

They expect more complications if Mr. Sadat, as has been predicted will offer his resignation when he reported to the Egyptian Parliament on Saturday.

Press reports from Kuwait have indicated that the oil-producer plans to join Saudi Arabia in a bid to heal the rift in the Arab world.

One factor which could make matters worse is recurring tension in Southern Lebanon. Artillery duels between Palestinian guerillas entrenched there and Israeli-backed Christian militiamen have been going on for several days. Senior Palestinians claim that an Israeli attack across the Lebanese border could be imminent.

Mr. Dory Chamoun, Secretary General of the right-wing National Liberal Party, charged ominously in a statement to-day that ships have been unloading weapons for the guerillas at the port of Tyre in southern Lebanon.

Agreement on Rhodesian constitution is imminent

BY TONY HAWKINS

SALISBURY, Jan. 19.

AGREEMENT in principle on a constitution for an independent Zimbabwe should be reached very soon, according to nationalist sources at the Rhodesian internal settlement talks here. They were speaking after to-day's heads of delegations session which lasted two hours.

An agreement would leave the way open for the delegates to get down to discussion of the key issue of the future composition of the Rhodesian security forces.

[Meanwhile, the leaders of the Patriotic Front nationalist alliance, which is not a party to the internal settlement talks, announced in Maputo yesterday that they had accepted an invitation to meet Dr. David Owen, the British Foreign Secretary, for talks on the separate Anglo-American settlement initiative.

In London, the Foreign Office said the two leaders, Mr. Joshua Nkomo and Mr. Robert Mugabe, had suggested Malta as the venue for the talks and January 26 as the date.]

Sources from both the main nationalist parties involved in the Salisbury talks — Bishop Muzorewa's United African National Council and the Rev. Sithole's African National Council (Sithole) — said that the only outstanding constitutional issue was the duration of any special safeguards for the white minority.

They said agreement had been reached on the number of white seats (28 out of 100), both the number and nature of entrenched clauses, and the number of parliamentary votes necessary to amend an entrenched clause.

The sources said that the talks have agreed on eight safeguards for whites — relating to a justifiable bill of rights, an independent judiciary, citizenship rights, pension and property rights, and an independent public service board to control appointments in the public service.

Exact details of the "blocking mechanism" are unclear but it seems any amendment to the constitution would require all 72 black votes plus some white votes — possibly three white voters or six white votes.

To be discussed next is the question of how long these safeguards should last. Proposals range from Mr. Smith's 15 years at one end of the spectrum to Mr. Sithole's five years. A compromise proposal of eight years (or two parliaments) has been put forward.

This leaves one remaining stumbling block—the composition of the security forces. The nationalists are calling for "integration" of the guerillas and the disbandment of certain existing units (such as the Selous and Grey Scouts)) while the whites want the Army to remain virtually unchanged.

Martin Dickson adds: The Patriotic Front's acceptance of talks with Dr. Owen will be welcomed with relief in Whitehall, since Mr. Nkomo and Mr. Mugabe had turned down an earlier invitation in December, apparently first wanting Britain to condemn the internal settlement talks.

The Foreign Office has limited itself to saying that an internal settlement is unlikely to gain international acceptability if the Front is not involved.

The Front's acceptance of a meeting does breathe some fresh life into the Anglo-American initiative, which has been virtually stalled for over a month, but it remains difficult to see any great progress being made by Britain and the U.S. while the other parties to the Rhodesia issue are involved in the Salisbury discussions.

Furthermore, Dr. Owen's meeting with Mr. Nkomo and Mr. Mugabe could prove very difficult. The Foreign Secretary will be trying to persuade the Patriotic Front to accept the Anglo-American plan for Rhodesia as a negotiating framework but the alliance has rejected some key parts of the proposals.

EEC Commission looks at Somali aid requests

BY OUR FOREIGN STAFF

THE EEC Commission is examining a request by Somalia for technical assistance to replace that of Soviet experts recently expelled from the country.

It is also considering a request for money to provide alternative scholarships for some 700 Somali students who have been studying in Communist countries, the Commission announced in Brussels yesterday.

Though the request was made before Christmas it was only yesterday that an official left for Somalia to assess the country's needs. The expulsion of the Russians, which followed the Soviet Union's decision to give military aid to Ethiopia in the war over the Ogaden region of Ethiopia, has left several projects, including fishing schemes, agricultural projects and nomad resettlement schemes, without sufficient expatriate personnel.

Somalia already receives aid from the European Development Fund and any special aid would come from the EDF's "disaster" reserve worth £57m.

Reuter adds from Brussels: Dozens of Soviet and East European cargo ships, protected by Soviet naval escorts, are taking heavy combat equipment to Ethiopian ports south of Massawa, Western intelligence sources said tonight.

The ships were unloading heavy tanks, lighter armoured vehicles, rockets, heavy artillery guns and ammunition at the ports.

Defiant Mrs. Gandhi for trial

By K. K. Sharma

NEW DELHI, Jan. 19.

MRS. INDIRA Gandhi, India's former Prime Minister, to-day again defied the Shah commission now inquiring into charges of abuse of power during her emergency rule and was committed for trial on two charges. First for refusing to take an oath as required and, second, for refusing to answer questions.

Mrs. Gandhi made her second appearance before the commission in a dramatic 100 minute show of defiance of normal judicial procedures, refusing to obey Mr. Justice J. K. Shah's request twice to take the witness chair. She then refused to make a statement on oath and Mr. Shah sent her for trial for committing two offences.

In her first appearance last week, Mrs. Gandhi was sent for trial only for refusing to make a statement to the Commission as required. Mr. Shah did not at that time insist that she should take the witness chair. He did so to-day sternly after counsel for the government suggested that Mrs. Gandhi should be treated like every other witness.

Mrs. Gandhi now faces trial on two orders by the Shah Commision and, if convicted, faces six months' imprisonment on each of the charges against her. The trial is expected to begin next week. If convicted Mrs. Gandhi will be barred from standing for any elective office and thus will have to quit public life. Under Indian law, no one convicted on a criminal charge can be a candidate for any election to parliament or the state legislatures.

An unknown donor has given a Madras temple a wad of Rupee 1,000 notes together worth Rupees 200,000 ($24,000), Reuter reports. On Monday the Government said Rupee 1,000 notes would be withdrawn but could be exchanged at banks provided it was disclosed how and when they were acquired.

UN Namibia debate likely

BY OUR OWN CORRESPONDENT UNITED NATIONS, Jan. 19.

THE special session of the United Nations General Assembly on Namibia, which Britain and other Western members hoped would not happen, now appears certain to be held this spring, at the insistence of a number of African states.

It was announced to-day that the UN Council for Namibia, whose President is the chief delegate of Zambia, Miss Gwendoline Konie, agreed at a closed-door meeting to propose that the Assembly meet in late April. Miss Konie was authorised to confer with the Secretary-General, Dr. Kurt Waldheim, on the precise timing.

The Assembly has already decided to hold a special session on disarmament, from May 23 until June 28. One on Namibia starting in late April could well run into the other. There are persistent reports that President Brezhnev will come to New York for the disarmament session.

The session on Namibia could serve a useful and necessary purpose if talks on the future of the mineral-rich territory made it possible for the world body to approve plans for UN supervision and control of pre-independence elections.

Firm Chinese backing for Cambodia

By Richard Nations

BANGKOK, Jan. 19.

CHINA has given its most explicit support for the Phnom Penh leadership's war against Vietnam since the recent escalation of the border war in a broadcast. Peking's "confidence" in the "wise and correct leadership of the Kampuchean Communist Party" came in the opening remarks by Central Committee Member and widow of the former Chinese Premier Chou en-lai at a reception honouring her arrival in Phnom Penh yesterday, according to the New China News Agency.

Madame Chou is heading a delegation of senior foreign ministry officials to the Cambodia capital on what observers here view as a trouble-shooting mission possibly armed with concrete proposals to initiate talks with Vietnam. The fact that the Vietnamese deputy foreign minister Phan hien has been secretly in Peking since January 9 has led many diplomats to suspect that Madame Chou may be carrying some message from Hanoi.

Japan aims at 7% growth

TOKYO, Jan. 19.

JAPAN'S UNDERTAKING to achieve 7 per cent. growth in fiscal 1978 is a policy target but not a positive commitment, a Foreign Ministry spokesman said to-day.

On Tuesday, Prime Minister Takeo Fukuda said the proposed growth rate is a target but not a promise or commitment.

But yesterday, Mr. Toshio Komoto, the Trade and Industry Minister, and Mr. Masayoshi Ohira, secretary-general of the ruling Liberal-Democratic Party, said the 7 per cent. growth rate constituted an international pledge.

The Foreign Ministry spokesman said that although the expressions used by Ministers may differ, their basic attitude is that the planned growth rate is a policy target.

Reuter

South Korea eases credit squeeze

SEOUL, Jan. 19.

SOUTH KOREA has removed a series of measures it imposed last year to combat inflationary increases in the money supply that arose from bulging foreign exchange reserves.

Banks have been given more lending discretion, overseas construction earnings can again be converted into local currency, and the necessity to pay in advance for some exports has been lifted, officials said.

Reuter

Ford 'will remain in South Africa'

BY BERNARD SIMON

JOHANNESBURG, Jan. 19.

DESPITE his belief that the South African Government has not altered its race policies "as rapidly as it should have done," Mr. Henry Ford, chairman of the Ford Motor Company, said to-day that his company intends maintaining its R110m. investment in South Africa.

Speaking at the end of an eight-day visit to South Africa during which he met the Prime Minister, Mr. John Vorster, Mr. Ford said his company "hopes to remain an increasingly constructive force in the industrial life of the country.

Mr. Ford said his company will be spending over $1m. on training programmes for blacks this year, and $208,000 on education scholarships. Although no blacks directly supervise white workers at Ford's Port Elizabeth plant, "one or two" blacks will be promoted to management positions this year.

Although Ford—with 16.6 per cent. of the market—led South Africa's other 12 motor manufacturers in car sales last year, Mr. Ford revealed that the company had lost about $8m. in 1977 and was operating at less than 60 per cent. of capacity. As a result, Ford has no plans to expand operations in South Africa, but will be investing $8m. this year on replacing and modernising its plant.

Reuter adds from Cape Town: South African Finance Minister, Owen Horwood, said the policy of pegging the rand to the dollar and the rate at which it is pegged will remain unchanged. The rand is currently pegged at a middle rate of $1.15 to the rand.

Iran's religious leader supports dissidents

BY ANDREW WHITLEY

TEHERAN, Jan. 19.

IRAN'S LEADING religious figure, the Ayatullah Shariatmadbari has publicly backed the counrty's dissidents demand for constitutional rule, throwing a powerful force behind what the Government claims is a tiny unrepresentative minority of anachronistic malcontents.

In his first-ever Press interview, the 76-year-old Ayatullah, who is considered to be the most prominent Shi'a leader in Iran said the Government constantly called the clergy reactionary, but if being reactionary meant wanting a return to the country's constitution, framed in the first decade of the century, then they were happy to accept the name.

Three foreign journalists were smuggled in to the holy city of Qom, which remains tense following the demonstrations and police shootings of 10 days ago, which left an estimated 70 dead.

In a cloak-and-dagger operation, we changed cars and then followed a circuitous back-alley route on foot to the Ayatullah's house to evade detection by the security police.

Ayatullah Shariatmadbari said the demonstrations had been calm and unprovocative. It was an "absolute lie" to claim, as the Government had done, that they were opposed to female emancipation and land reform—the two aspects of the Shah's "white revolution" of the early 1960s which consolidated his power base.

He said the clergy were not opposed to the abolition of the veil. It was up to the individual to decide how to behave. As for land reform, this was an Islamic measure which the Government had abused by giving the land to whom it wished.

In counter-publicity and rallies organised by Rastakhiz, the country's single party, over the past week, the persistent theme has been the opposition to progressive measures taken by the anti-government demonstrators.

There have been large, officially organised rallies in Qom and other provincial cities to denounce the dissidents and Qom demonstrators

The Qom rally, in which it was claimed more than 40,000 people had taken part, involved 320 bus-loads of workers from eight Teheran factories, informed sources say.

The Shi'a leadership, mindful of the exiling and imprisonment of their colleagues who opposed the Government in the past, is taking a moderate, restrained line in response to the events.

More than 20,000 copies of a statement protesting against the shootings has been sent all over the country. The response has been mainly in the temporary closures of bazaar shops and mosques. Teheran's bazaar, the largest in the Middle East and an important avenue of domestic and international trade, was to-day largely shuttered in response to the call.

Travellers from Khuzestan, the oil producing province in the south-west, say that demonstrations and a closure of bazaars have taken place in several cities

ON OTHER PAGES

WORLD TRADE NEWS

Fraser attacks EEC steel import curbs

BY KENNETH RANDALL

CANBERRA, Jan. 19.

THE PRIME Minister, Mr. Malcolm Fraser, has strongly attacked the latest EEC proposals to restrain European steel imports. In a letter to the President of the Commission, Mr. Roy Jenkins, he says it would be "quite unreasonable" for the new measures to be applied to Australia prior to agreed joint trade discussions, tentatively scheduled for the second quarter of this year.

Mr. Fraser said the measures, applied to Australia, would put at risk exports of semi-finished and finished steel products worth about \$A45-50m. a year with serious effects on production and employment levels in the Australian iron and steel industry.

The Prime Minister said the EEC was again pursuing courses in its trade relations which were inimical to the free flow of world trade — the "again" equating the steel proposals with the Common Agricultural Policy, to which Australia is bitterly opposed.

Mr. Fraser said the steel plan would virtually force exporters to seek bilateral agreements with the Community based on minimum prices and maximum quantities, or else face countervailing duties which would probably exclude them altogether. The measures were difficult to understand since the EEC was consistently about 90 per cent. self-sufficient in steel and exported about twice as much as it imported.

The Community's imports of steel products in the first nine months of 1977 had been 2 per cent. *higher than for the same* period of 1976 while exports rose by 29 per cent. In this situation, the Community could hardly claim that imports were causing major damage to its own industries, he said.

"It looks as though the European Community is seeking to make the iron and steel industries in countries such as Australia, which are themselves facing problems as acute as those of the EEC, carry an unfair share of the burden of the recession in the steel industry in Europe," he added.

Mr. Fraser said the EEC measures appeared to have scant regard for the fact that the steel industry recession was worldwide. He pointed out that EEC steel imports from Australia were less than 0.5 per cent. of the total, most of it in feedstock or semi-finished form. In finished steel, Australian sales to Europe in the last financial year were less than \$A1m., while Australian purchases from the EEC exceeded \$A12m.

Mr. Fraser took up the question of steel trade during his visit to Europe last June, when *Australian exports were also* threatened. He left the clear impression then that restrictions could endanger prospects for agreement on Australian uranium sales. There was no direct hint of retaliation in to-day's statement but Mr. Fraser left no doubt that he regarded the Community as firmly obligated to further general trade discussions following on from his own meetings last year.

● The U.S. has decided to maintain existing restrictions on special steel imports, David Bell reports from Washington.

The decision follows a study of the problems of the special steel industry which won protection—in the fear of import quotas—from the Ford administration in 1976.

Mr. Robert Strauss, special trade negotiator, said that imports of special steels were the lowest last year for about four years, but that the administration had concluded that to relax the quotas would almost certainly harm the special steel industry.

Nigeria bars Leyland cars again

By Lynton McLain, Industrial Staff

THE NIGERIAN Government has banned the import of British Leyland cars for the second time. Last autumn it banned the cars after Leyland's "intransigence" over the Nigerian Trade Ministry's proposals for appointing indigenous distributors.

The ban was lifted three days before Christmas after the corporation had submitted the names of two indigenous distributors to the Nigerian Government.

Now the authorities have refused to accept the distributors, "for no reason that is apparent to us," the company said.

Leyland had continued to "rebuff" attempts by the Trade Ministry to appoint indigenous distributors for its products, said a Government statement. The "indigenous" policy was to ensure the effective participation of Nigerians in motor vehicle distribution.

Leyland regards Nigeria as one of its most important outlets for commercial vehicles, but export only about 1,400 cars, mainly Marinas, there each year. Only cars are subject to the policy on native participation.

Soviet pipeline credit

A group of German banks led by Deutsche Bank AG has granted the Foreign Trade Bank of the Soviet Union a DM600m. credit line to finance German pipe exports, banking sources said, reports Reuter from Frankfurt.

Brussels sets date for detailed negotiations with China

BY MARGARET VAN HATTEM

BRUSSELS, Jan. 19.

DETAILED NEGOTIATIONS for a five year general trade agreement between the EEC and China are expected to open with the arrival of a Chinese delegation in Brussels on January 30.

The talks will continue progress made in Peking last July when visiting EEC officials made successful soundings for a general framework agreement. Since that meeting, the European Council of Ministers has given the Commission a mandate to negotiate a pact such as the *Community offers to all state-*trading countries. It would be designed to take the place of the General Agreement on Tariffs and Trade (GATT) to which state-trading countries do not belong.

Similar negotiations are under way with Comecon and it is felt in Brussels that these two separate processes are helping to accelerate each other.

The agreement with Peking will replace the present array of unilateral quotas on Chinese exports to the EEC with bilaterally negotiated restraints. It will not incorporate special trade preferences for either party (though it will formally establish most favoured nation status in relation to tariffs) nor will it specify how far quotas might be relaxed. But it is expected to *provide for a joint commission* of officials from both countries to work out such details.

Trade between China and the EEC has increased steadily over the past few years, always maintaining a substantial trade imbalance in the Community's favour. Last year the EEC exported \$1.24bn. of goods—mainly machinery, industrial equipment, transport equipment and chemicals—to China. China exported only \$907m.—largely foodstuffs and raw materials.

● French Prime Minister Raymond Barre left for Peking to-day on a week's visit aimed at boosting trade between the two countries.

Colina MacDougall adds: China has ambitious plans to expand its coal industry and will probably import mining machinery to help it do so. The Chinese Minister of the Coal Industry, Hsiao Han, said recently in an interview with the New China News Agency that Peking intends to double output within ten years and then double it against by the end of the century.

Good start for Canadian talks

BY DAVID BUCHAN

BRUSSELS, Jan. 19.

TWO-DAY talks with Canadian officials on trade and industrial co-operation got under way here to-day in an atmosphere markedly improved with the signing of a new uranium supply agreement between the EEC and Canada on Monday.

Canadian uranium supplies to the Community have now resumed after a year-long embargo while Ottawa sought tighter security arrangements on their use.

Both Commission and Canadian officials will be examining ways of expanding stagnant bilateral trade. The EEC is concerned that it is losing some of its share of Canadian markets—down to 8.5 per cent. of all Canadian imports in 1976. This is partly due to the U.K. losing its former special position in Canada: Britain now accounts for only 40 per cent. of EEC exports to Canada, compared with 65 per cent. 15 years ago.

But the Community is also disturbed at specific Canadian actions, particularly against shoe imports. Last December the EEC protested at the unfair effect that Canadian quotas on shoe imports were having on EEC and particularly Italian sales, which it claims have not disrupted the Canadian market. The EEC has also taken this matter up in GATT.

Scotch exports top £500m.

By Kenneth Gooding

EXPORTS of Scotch whisky passed the £500m. mark for the first time in 1977.

The Scotch Whisky Association pointed out yesterday the record was achieved "at a time of worldwide recession and in spite of continuing discrimination against Scotch whisky in important world markets such as the U.S. and leading members of the EEC."

The SWA claims that in Italy there are four different types of discrimination, in France there are three and in Denmark two.

The volume of Scotch exported last year rose only 2 per cent. on the 1976 level against the 8 to 10 per cent. the industry has seen in the past, rising to nearly 94m. gallons. Because of price increases in January 1977 the value of exports was up 17 per cent. to £512.6m.

Swedish ship orders

The Swedish Shipbuilders Association reports that Swedish yards obtained contracts during 1977 for 36 new ships. Deliveries totalled Kr.4.8bn. of which Kr.3.9bn. was for export. At the end of last year the Swedish yards' order book amounted to 31 ships of about 2.4m. grt or 6 per cent. of the total world order book, valued at Kr.6.7bn. of which exports accounted for Kr.3.8bn.

Protectionism 'a dead end'

BY CHRISTOPHER DUNN

PROTECTIONISM IS a dead end," Sir Frederick Catherwood, chairman of the British Overseas Trade Board, said in London yesterday, addressing the Finnish Trade Guild.

Discussing the current round of GATT trade talks, which start in Geneva on Monday he said that the protectionist approach to trade was "simply a signal of failure and defeat."

The 30-year trade boom which started in the mid-1940s had been fuelled by lowering tariff barriers, he said. "We must see that this liberal trade policy continues. Giving in to the faint hearts who believe it has come to an end is the policy of despair."

But Sir Frederick acknowledged that getting back on to a growth tack posed problems. "A kind of lethargy seems to be settling over international trade." Major problems included higher energy costs, inflationary wage demands from the shop floor, a decline in the world's natural resources and international political instability.

Australia gas mission

BY RAY DAFTER, ENERGY CORRESPONDENT

MR. ANDREW MENSAROS, the Western Australia Government's Industrial Development Minister, arrived in London yesterday at the start of a 23-day mission aimed at involving European industry and financial institutions in Australia's £1.76m. North West Shelf natural gas project.

Among those who will be invited to tender for work will be equipment and service suppliers operating in the North Sea.

Mr. Mensaros said the North-West Shelf project would be Australia's biggest natural resource development undertaking. "Appropriate expertise will be drawn from throughout the world," he said.

During his visit Mr. Mensaros will talk to major finance houses and banking groups about the project's investment potential. However, much of his time will be spent with equipment suppliers.

The Offshore Centre in London, which already has organised a trade mission to Western Australia, will hold a seminar at the Savoy Hotel at which U.K. and Continental companies will be given an outline of the export possibilities. A similar meeting, organised by the Scottish Council, is to be held in Glasgow on February 2.

Mr. Mensaros, who is to be joined in ten days' time by Western Australian industry representatives, will also meet representatives of CBMPE, the petroleum equipment suppliers trade organisation.

A spokesman for the Western Australia Government said the mission's itinerary included England, Scotland, West Germany, France, Belgium and Holland. The Minister would also be discussing with companies other natural resource development projects.

Victor video package for home photographers

BY CHARLES SMITH

TOKYO, Jan. 19.

JAPAN VICTOR COMPANY, one of the main participants in Japan's video-tape recorder (VTR) boom, has announced a new "package" consisting of a portable VTR set and video colour camera aimed at amateur photographers who now use ordinary cine cameras.

The package, apparently considerably cheaper than any other so far placed on the market, consists of a 7.5 kg. VTR (about half the weight of the standard Victor recorder) priced at Y248,000 (about £550) and a camera priced at Y289,000 (or Y251,800 without zoom lens).

Victor claims that its new models offer cassette colour photography to amateurs for the first time at a price of less than Y500,000. Other systems so far introduced, including a version of the Sony Betamax which came out last summer, have featured marginally more expensive VTRs and substantially dearer cameras than Victor is now offering.

The company plans to start exporting its new products to the U.S. and Europe, including Britain soon. It claims to be the first Japanese company to place video recording equipment designed for consumer rather than professional use on the market in Europe, although Sony also says it plans to start exports "sometime" this spring.

The advantages of video photography over ordinary amateur cine photography are that pictures can be recorded on a long-running cassette (two hours in the case of the Victor system), instead of on cine-film with a running time of three minutes per cartridge, and that film does not have to be developed.

The person making the pictures can play them back instantly on a VTR set plugged into a television receiver.

Prices of the equipment are expected to come down as the market expands and economies of scale become possible. Victor is producing both its portable video cassette recorders and its cameras at a rate of 2,000 units per month but expects to step up output sharply this year.

Honda factories plan

HONDA MOTOR said to-day it planned to build more cars and motor-cycles overseas, to head off criticism abroad of its increasing exports.

The company, which exports 67 per cent. of its output, said it hoped to add four or five factories abroad this year to 36 plants already operating in 30 countries. It did not name possible sites.

Honda plans this year to make 780,000 four-wheel vehicles, including 510,000 for export, and 2.7m. motor-cycles, including 1.75m. for export.

Its wholly-owned Japanese subsidiary, Honda International Sales Company, plans to increase imports of Ford Cortina and Fiesta models to 4,000 this year from 1,700 last year. It is also to import more parts and more Swedish outboard engines.

●Toyo Kogyo, Japan's third-largest motor vehicle maker, said its production in 1977 totalled a record high of 800,003 units, up 11.6 per cent., from 716,672 units in the previous year. Exports also were a record at 524,847 units, up 20.5 per cent. from 435,508 units in the previous year. Agencies

Yugoslav chemical plant for design by U.K. unit

Foster Wheeler Corporation's British unit has been awarded a contract to design and aid in procurement and construction of a petrochemical complex at Sisak for Ina Rifinerija, a Yugoslavian State concern, reports AP-DJ from Livingston, New Jersey. Construction is expected to take about three years. The plant will cost the equivalent of about \$40m. with about \$17.5m. of the total equipment and services being provided by the company. The plant will produce benzine, toluene, varyaxulemе and orthoylene, all basic chemicals.

Pipeline contract

ETPM offshore contractors and ECOFISA have been awarded a \$63m. contract by Gas del Estado for the supply and construction of a submarine gas pipeline across the Magellan Straits, Ray Dafter reports. The pipeline, the first of its kind in Latin America, will connect Cap Espiritu Santo at the North-East of the island of Tierra del Fuego to Cabo Vigenes on the Argentinian mainland. Financed by the Inter-American Bank for Development the pipeline will allow the utilisation of gas reserves of Tierra del Fuego. In the first phase, 3.5m. cubic metres of gas a day will be carried by the pipeline, although eventually the capacity might be raised to 5m. to 10m. cmd.

HOME NEWS

CBI hardens its attitude against worker directors

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE CBI has toughened its stand against the Bullock report on worker directors by adopting a policy which virtually rules out support for any legislation on employee particiation. The CBI was previously in favour of limited legislation.

The stand emerges in a CBI policy document published this month entitled Britain means business: Programme for Action. The document contains short and medium term policy targets on a range of subjects and is the outcome of debates at the CBI's first national conference in Brighton in November.

The CBI's new stance on industrial democracy reflects a growing mood among industrialists that employee participation should be developed voluntarily.

In its evidence to the Bullock Committee in 1976, the CBI backed the idea of legislation to make companies negotiate participation agreements with their workers within a set period.

Yesterday, however, Sir John Methven, CBI director-general, reflected the change of mood apparent at the conference when he said: "There is a movement away from feeling that legislation is necessary.

"So many companies are developing their own ideas voluntarily that a lot of people now do not even think that legislation is needed as a back-up."

The CBI knows it is on safe ground for at least the next few months. The Government is due to publish its White Paper on industrial democracy by the spring but there is no prospect of any legislation being pushed through Parliament before the next general election.

The CBI backs the Government's industrial strategy, which is to be reviewed at a meeting of the National Economic Development Council on February 1, but gives a warning against further State intervention in industry.

"The CBI will go on supporting the NEDC industrial strategy exercise as a means of telling Government about industry's needs and finding ways of raising productivity," says the document.

"But the CBI will strongly oppose any attempt to develop it into an instrument for increasing State intervention or detailed planning. Government can get all it needs to know about companies' forward planning from the wide-ranging discussions it already has with individual firms."

The document links this with the debate on the use of North Sea oil revenues by saying that revenues should not be used by the Government to finance further selective assistance schemes for industry.

The document also repeats the CBI's cautious interest in gradually strengthening labour law in favour of employers on matters such as picketing, union recognition, and the terms of reference of the Advisory Conciliation and Arbitration Service.

It also wants more exemptions in closed shops. But, the document adds, "the CBI is not after confrontation—everyone loses by it."

The confederation also repeats its policies on tax and public expenditure which were aired at the November conference. These propose a 30 per cent. cut in income tax over four years, with a 4 per cent. annual rise in private consumption which could result from the benefits of North Sea oil plus public spending being held at current levels in real terms.

The Government, therefore, says the CBI, should abandon its plans to increase public spending as to "give British industry the chance to create a million new jobs."

On Wednesday, the CBI council decided officially, as had been expected, that it will hold a second national conference this year. It will be held in Brighton in the first week of November. The council also decided to start a two-month period of consultation with its membership on what pay policy should follow the present wage round.

Britain means business: Programme for Action. CBI, 21 Tothill Street, London SW1. Price 20p.

Iran asks Britain to return arms payments

By Margaret Reid in London and Andrew Whitley in Tehran

THE IRANIAN Government has asked Britain to repay all the commission payments made in connection with British arms sales to Iran in the past decade. The contracts have covered items ranging from tanks to naval vessels.

The amount in question is likely to be substantially higher than the £1m. of commission at 1 per cent. on a £100m. Chieftain tanks sale in 1972 mentioned in the Racal case at the Old Bailey as having been paid to Sir Shapoor Reporter. It may run into several million pounds.

The Foreign Office would say no more yesterday than that it had been in contact with the Iranians about points arising from the trial, in which Lt. Col. David Randel, formerly of the Ministry of Defence, was found guilty of corruptly receiving bribes.

Yesterday, the judge in the Old Bailey case, Mr. James Miskin, QC, the Recorder of London, jailed Col. Randel for three years. The Crown had alleged that while Col. Randel was with a Defence Ministry team in Iran, he sought nearly £25,000 from two former Racal executives for helping Racal to win a £4m. contract to supply radios for the Chieftain tanks.

Both executives had been found guilty of paying the money to Col. Randel.

Unique case

Mr. Frank Nurdin, former sales director of Racal BCC, received a prison sentence of 18 months; Mr. Geoffrey Wellburn, previously Racal BCC's managing director, received a suspended 12-month sentence.

The judge said: "There has been too much corruption in recent years but this is a unique case because you had all been working hard to secure a contract which benefits society financially." In his remarks, he warned company executives against getting involved in corruption.

The wives of Mr. Nurdin and Mr. Wellburn, both in tears, talked afterwards of the "rotten system" which could lead to businessmen working in the interest of their country's export drive being convicted of crime.

Mr. Wellburn said: "I am extremely sorry for Frank Nurdin. He is certainly one of the best marketing directors in the country. It is a shame that he should have been treated in this way. It is one of the problems that marketing directors face."

Fall guy

Mrs. Nurdin spoke of the family's ordeal during four years of questioning and inquiry, adding: "The wrong people are in the dock. I think my husband was made the fall guy and put in a situation from which he could not get away."

Iran, which asked the British Government several weeks ago for repayment of the commission on the arms supplies, bases its case on the argument that the ability to pay commission means that the agreed contract price was higher than it could have been.

At the Old Bailey yesterday, Mr. William Howard, QC, for Mr. Nurdin, said that in the past 20 years Mr. Nurdin had won orders for Britain worth between £20m. and £25m. and had been under enormous pressure to get the Iranian contract for his company.

Further decline in Government power forecast

BY PETER RIDDELL

SIR DOUGLAS ALLEN
"More open government."

THE ROLE and power of central Government in Britain reached its peak at the end of the 1960s but will continue to decline, according to the former Head of the Home Civil Service.

Sir Douglas Allen, who retired at the end of last month and was created a Life Peer in the New Year's Honours List, discussed the "developing structure of U.K. Government" in the first of this year's Stockton lectures at the London Business School last night.

He predicted that the trend in the U.K. which is reducing the power of the central executive at Westminster, namely the Cabinet and associated departments, would lead to further changes in the constitution.

"This trend is not incompatible with much government, but it will be spread between many levels (probably too many levels for constitutional stability).

"It could, however, compel greater stability in policy throughout the whole system of governmental authorities. If it does not, there will be a lot of friction in the system."

Eight factors were involved in the power decline of central Government.

- Membership of the EEC.
- Moves to devolution.
- Transfer of power to quasi-governmental bodies.
- Increased activity by backbenchers in Parliament.
- Increased power of outside interest groups.
- A greater role for consultation and bargaining.
- Moves towards greater openness in government.
- Changes in attitudes towards authority.

There was a limit to the number of directly-elected governing levels which you can have if you want a healthy democracy.

"With too many levels, the roles and responsibilities of the different elected authorities cannot be made sufficiently distinct, the territorial loyalties necessary in the feeling of belonging cannot develop, and the different responsibilities of the separate levels of authority are neither understood, nor fully accepted by electors."

Constitutional changes might reduce the citizen's understanding of how he is governed and thus weaken confidence in governmental processes.

"If this is so, the more central Government seeks to intervene in the economy, the less powerful it will become, because it will have to rely on an ever-increasing number of bodies and individuals to do what it wants."

The trend was more than a short-term consequence of having governments without workable majorities in Parliament.

"I believe that the frequent lurches in Government policies and the failure of Government to communicate adequately with the public in crisis situations, have given Parliament a chance to fight back to regain power from central government."

Sir Douglas, while favouring moves towards more open government to improve the quality of decision taking, did not think "the doctrine of collective Cabinet responsibility could continue, unless the Cabinet speaks with one voice once the decisions are taken."

Distillers puts up export Scotch

By Kenneth Gooding, Industrial Correspondent

DISTILLERS COMPANY is to put up the export price of its Scotch whiskies by about 10 per cent. from February 1 and for the first time since 1974, is including the U.S.—the biggest market in the world for Scotch — in its proposals.

The other major Scotch whisky groups are likely to follow suit. Apart from being faced by higher costs, they have seen profits from the U.S., where they invoice in dollars, slumping as the pound strengthened against the dollar.

The European Commission might not be so pleased with Distillers' decision to increase the price of Scotch in all Common Market countries apart from the U.K. It had hoped that its ruling that Distillers' dual-pricing system was unlawful would result in prices being cut.

But Distillers stressed last night that the move was a normal commercial decision, taken because of rising costs.

Last year, the industry earned £512.6m. from Scotch exports. The price increases should add around £40m. to overseas earnings this year, even if there is no increase in volume sales.

The Distillers' EEC price increase means a rise from £13.51 a case of 12 bottles to £14.57 (including the distributors' margin). This represents less than 9p a bottle, compared with the 50p a bottle increase the company intends to put on several brands in the U.K. if the Price Commission approves.

The U.S. price for standard, bottled-in-Scotland brands moves up from $18.20 a case to $20.02 or just over 15 cents a bottle. De luxe whisky goes up 12 per cent. from $33.80 to $37.86 a case.

Allied beers to cost another 2p

THE PRICE COMMISSION has decided not to investigate beer price rises proposed by Scottish and Newcastle Breweries, but has won an assurance that the company will not put up prices again until October at the earliest, writes Kenneth Gooding.

It also emerged last night that the Commission's decision to investigate Allied Breweries price rise proposals will have little effect on consumers. For the majority of Allied's beers — which include Skol, Double Diamond, Long Life and the Ind Coope and Tetley brands — will be going up by 2p a pint in pubs.

The Commission said it "accepted the company's legal right to an overall weighted average increase of 7.42 per cent. in respect of manufactured and wholesale beer, as originally proposed by the company."

Allied is also being allowed to go ahead with a 6.85 per cent. increase in prices for non-beer products and accommodation at its managed houses.

The Commission is continuing its investigation of Allied and this is due to be completed on April 18.

And if all the major brewers implement 2p a pint increases over the next few weeks it could, according to some City estimates, add around ½ per cent. to the Cost of Living Index.

Courage, the Imperial Group subsidiary, has put its price proposals to the Commission already and Bass Charrington has said it will not be long in following.

New deputy chairman of ICI

By Kevin Done

MR. JOHN Harvey-Jones has been appointed a deputy chairman of the Board of Imperial Chemical Industries from February 1.

He will replace Mr. Maurice Hodgson as one of three deputy chairmen. Mr. Hodgson takes over as ICI chairman on April 1 in succession to Sir Rowland Wright.

Mr. Harvey-Jones has followed an unusual career pattern at ICI, a company dominated at Board level by chemists and chemical engineers. He joined the company in 1956 after 19 years in the Royal Navy.

He was at ICI's work study department in London for a short period before moving to Wilton, Teesside. In succession he became supply manager of the Heavy Organic Chemicals (now Petrochemicals) Division, a divisional sales manager and in 1967 techno-commercial director.

He was appointed a deputy chairman of the division in 1968 and became chairman in 1970.

Since joining the main Board of the company in April, 1973, he has been fibres product director and territorial director for Continental Western Europe.

Mr. Harvey-Jones is also a director of Carrington Viyella, Fiber Industries, and Reed International.

£1m. research project launched to improve plant yields

BY DAVID FISHLOCK, SCIENCE EDITOR

A £1M. RESEARCH programme is being launched to improve yields of British crops by applying newly-discovered ways of genetically manipulating plants.

Sir William Henderson, secretary of the Agricultural Research Council, which is behind the scheme, said yesterday that a third of the cash would come from the extra £4m. a year allocated to the total budget of the Department of Education and Science's research councils by the Government last month.

RESEARCH COUNCILS' BUDGET

	£m. (1978-79)	% change p.a up to 1981-82
Agricultural Research Council	21.7	+1.9
Medical Research Council	43.7	+1.6
Natural Environment Research Council	28.6	+2.5
Science Research Council	139.2	−1.7
Social Science Research Council	14.6	+1.0
British Museum (Natural History)	4.2	+0.5
Royal Society	2.2	+1.0
Total (rounded)	254.3	

His council would find another third from its existing resources and hoped that the Advisory Board for the Research Council would find the remainder.

The Government announced yesterday that it had accepted the Board's latest proposals for sharing the £254.3m. budget for 1978-79 between the five research councils, and its advice on growth guidelines up to 1981-82.

The new programme of the Agriculture Research Council—one of the most enterprising ventures of the research councils—aims to improve crop yields by such means as enhancing the efficiency with which plants use sunlight and increasing their resistance to disease.

Work on various aspects of genetic manipulation in four or five of the council's research centres and in the universities would be brought together into a concerted programme, said Sir William.

Engineering research would be one of the main parts of the science budget to grow in any substantial way, Professor Sir Frederick Stewart, the advisory Board's chairman, said. However, the Board still could not fund all the work of the Science Research Council that it believed ought to be done in such fields as micro-electronics, electrical engineering and marine technology.

In "big science," such as space research and nuclear physics, the budgets had been cut to a point where there was "real danger of losing national competence," Sir Frederick said.

The expected reduction, in real terms, of 1.7 per cent. in the annual budget of the Science Research Council is equivalent to about £2m. each year. It is being absorbed chiefly by cuts in "big science" activities.

Another big worry of the Board is how to maintain a fast-ageing research fleet for the National Environment Research Council.

Tories plan big staff cut

BY JOHN LLOYD

THE CONSERVATIVE ruling group on the Greater London Council lived up to its pre-election pledges yesterday by announcing plans to reduce council staff by 10,000 over the next five years.

The cut—which represents a third of the council's 30,000 employees—is the most dramatic element in a series of proposals to remodel the GLC. Others include:

- The employment of mainly highly-qualified, specialised staff paid rates commensurate with the highest in industry.
- The cutting of office accommodation by 280,000 square feet from the present total of 1.15m. square feet.
- A switch from implementing policy to proposing it.

Important hurdles remain, however, before the plans can begin to be implemened. Most of the staff cuts assume that the GLC housing responsibilities will be taken over—together with he staff—by the London boroughs. There is no agreement with the boroughs on this, nor has the Government been convinced of the case.

The GLC also must secure the co-operation of the saff who are to be either transferred or made redundant, and this is similarly far from certain.

The Labour opposition group said that while it agreed in principle with the transfer of housing responsibilities, the GLC leadership was pre-empting the findings of the Marshall inquiry with a premature announcement.

Unions representing the GLC's staff reacted angrily to the announcement, saying that they had not been consulted on the proposals. A meeting of representatives of GLC unions, including shop stewards, called upon all employees to withhold co-operation from "any policy which either reduces manpower, or services, or both."

The proposals coincide with the publication of an interim report by Sir Frank Marshall, who is inquiring into the relationship between GLC, central government and the London boroughs.

Announcing the proposals, Mr. Horace Cutler, leader of the GLC, said: "When the electors gave us power, they did so knowing that we were going to make the GLC what it was originally intended to be—a strategic authority for London, analysing the capital's problems and suggesting remedies, but not necessarily implementing them itself . . . implementation is mainly a job for the boroughs. They know best what people want."

Mr. Cutler pointed out that since last May the staff had already been reduced by 1,300 to 30,110 by natural wastage, and that the target was a further reduction to 29,750 by March.

Ozalid to close drawing board subsidiary

BY JOHN LLOYD

OZALID, the copying equipment group, is to close its Leyton subsidiary, Holmes Bros. It has tried unsuccessfully to sell the company since late last year, when Ozalid underwent an internal reorganisation.

Holmes Bros., which makes drawing boards, employs 100 people. Redundancy terms are being negotiated with the trade unions.

Ozalid said that the closure of Holmes Bros. was to be seen "in the context" of its rationalisation. The manufacture of drawing boards lay outside the company's main interest, which was copying.

A Holmes executive said last night that the market in drawing boards had changed entirely in the last few years and the company had been unable to adapt. Composite boards were replacing the wooden boards made by the company.

Steel papers go to-day

BY JOHN LLOYD

THE BRITISH STEEL Corporation's financial forecasts, requested under an order by the Select Committee on Nationalised Industries, will be taken from the corporation's London headquarters to the Commons at mid-day to-day.

The corporation said that it was unlikely that Sir Charles Villiers, the chairman, would take them himself. They would probably be taken by messenger.

The forecasts are of sources of funds and expected expenditure for the financial year 1977-1978, made in 1976-1977. They were updated every quarter and submitted to the Department of Industry between January 1976 and September 1977.

On Wednesday the corporation's Board stated that the forecasts had not previously been requested by the select committee.

However, some members of the committee remain convinced that they did ask for the figures.

Men and Matters, Page 18

Hoover chief forecasts better year

Financial Times Reporter

SALES OF electrical appliances should be up this year, according to Mr. Peter Boon, Hoover's (U.K.) chairman.

Mr. Boon said yesterday that the extra money going into wages, coupled with the expected direct taxation cuts, would probably mean an expansion and some volume improvement in the market.

"The general level of appliance sales has been static for the last five years, though the more efficient firms with the better products got a bigger share."

Hoover would announce some new products in a few days.

Company chief accused of threatening to kill

BY CHRISTINE MOIR

MR. DESMOND LYONS, company chairman, was committed for trial at the Old Bailey yesterday on charges of threatening to kill, theft and cheque frauds.

At the committal hearings at the London Guildhall magistrates' court, Alderman Alan Lamboll, the magistrate, was told that after a dispute with his Leeds solicitors over an unpaid bill, Mr. Lyons was alleged to have said that if the solicitor did not stop pressing for payment "I'll be gunning for him with a sawn-off shotgun."

Mr. Lyons is chairman of D. F. Lyons, described as an investment banking concern, for which a winding up order was made in 1975. He is also chairman of Edward Wood, a publicly-quoted engineering group which went into members' voluntary liquidation in 1969 and was wound up in 1976.

Mr. Lyons has denied all the charges. In addition to the threat to kill, they include stealing or receiving a book on company law knowing it to be stolen from the Guildford public library, and nine charges of issuing cheques on the strength of a bank card knowing that he had no authority for the card and no funds to cover the cheques—for sums totalling £538.

Reporting restrictions were lifted at Mr. Lyon's request.

More visitors to Britain

Financial Times Reporter

THERE WERE 4.5m. overseas visitors to Britain in the third quarter of 1977, an increase of 12 per cent. on the same quarter of 1976. Visits abroad by U.K. residents, however, decreased by 2 per cent. to 4.4m.

Expenditure by all overseas visitors in the third quarter 1977 was at a record level of £850m. at current prices. This becomes £578m. when seasonally adjusted, 28 per cent. higher than the same quarter of the previous year. Expenditure by U.K. residents abroad increased by six per cent. to £257m.

Claims rush by Ulster businessmen expected

BY OUR BELFAST CORRESPONDENT

A RUSH of claims for compensation from Ulster businessmen whose trade has been affected by security barriers, is expected after a court ruling in Belfast yesterday.

The Northern Ireland Court of Appeal decided that Mr. Michael McCreesh, a Co. Amagh petrol station owner, was entitled to seek compensation because the barriers had cut off car access to his premises.

He was appealing against a decision of a county court not to allow him to seek Government compensation under the Northern Ireland Emergency Provisions Act 1973.

The Northern Ireland Office may appeal against the decision to the House of Lords.

The firm of solicitors acting for Mr. McCreesh said after the hearing: "Thousands of people are affected by the security barriers and many of them were awaiting the outcome of this case with interest."

City to join GLC lottery scheme

Financial Times Reporter

THE CITY Corporation decided yesterday to participate in the municipal lottery scheme to be organised by Greater London Council. At least 17 other London boroughs, including Brent; Ealing; Hounslow; Islington; Kensington and Chelsea; Southwark; and Wandsworth, are expected to follow suit.

The GLC has appointed an American-owned company, Scientific Games International, to organise the lottery, which begins in April.

The company is a subsidiary of Scientific Games Development Corporation, of Atlanta, Georgia. It won the contract in competition with five companies, most of them British, including the Ladbroke Group.

Treasury selects adviser after three-month search

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE TREASURY has at last found a deputy chief economic adviser from within its own ranks. The post has been vacant since last October and the Treasury took the unusual step of advertising it publicly.

The new deputy chief economic adviser will be Mr. Ian Byatt, 45, an under-secretary concerned largely as an economic adviser with the domestic economy and public spending sides of the Treasury. The appointment follows an open competition conducted by the Civil Service Commission after the post was advertised at the end of last year.

He succeeds Mr. Geoffrey Maynard, who left last October to join Chase Manhattan Bank. Mr. Maynard had only been at the Treasury for 12 months after taking over from Mr. Michael Posner.

The appointment of Mr. Byatt ends a long period of changes at the top of the Government economic service and at senior level within the Treasury itself.

There was, for example, a time between summer 1976 and last spring, when Sir Bryan Hopkin acted as a part-time chief economic adviser before Mr. Fred Atkinson took over full-time.

The appointment of Mr. Byatt from inside the Treasury may also reflect a desire for greater practical integration of the economic side with the policy-makers.

Thoresen wins £259,000 damages from council

Thoresen Car Ferries, whose plans in 1975 to use Weymouth Harbour, Dorset, for a proposed Cherbourg route were blocked by Weymouth and Portland District Council, was awarded £259,000 damages in the High Court yesterday.

The award, plus interest and costs, against the council was a victory for the independent car ferry company in a complex dispute about how much damage it suffered as a result of the council's breach of contract.

The council had been accused of bowing to pressure from British Rail — which operates a Sealink service from Weymouth — to deny Thoresen the use of the harbour facilities.

A year ago, Mr. Justice Donaldson, ruling on the issue of liability, held that letters between the Weymouth harbour master, Captain Harold Holden, and Thoresen constituted a contract which the council broke.

The case returned to court when the parties were unable to agree on the amount of damages to be awarded.

The judge held yesterday that, given the use of Weymouth, Thoresen's three ships could, and would, have made 114 more crossings than they had made in the 1975 summer peak period.

He said that the great attraction of Weymouth, compared with Southampton, was that it was substantially closer to Cherbourg.

More Channel crossings could have been made without any proportionate increase in costs. Thoresen had made out its claim in full.

The judge granted a stay of execution on the damages award, pending an appeal by the council.

Bank fraud 'world-wide threat,' court told

INTERNATIONAL banking fraud—so vast that it could have undermined virtually the entire banking system of the civilised world—had its operations centre in London, an Old Bailey jury was told yesterday.

A long, patient and skilful police operation culminated in a dawn swoop in August 1976 on several London addresses. The big fish in the forgery organisation were arrested and a forgers' den uncovered, said Mr. Kenneth Richardson, prosecuting.

In all there were 30 arrests; 16 people were charged and now six men remained to be tried on conspiracy charges.

Mr. Richardson warned the Jury: "The trial certainly is one of the biggest and most far-flung ever to come before this court."

The basic allegation was one of forgery "The allegation is that this international organisation was concerned in the presentation of forged bank drafts to banks throughout the world with the object of defrauding those banks.

"Although all the banks to be defrauded were foreign, virtually all the forgeries were done in London.

NO LIMIT

"It is quite impossible to give any idea of either the success that was achieved, or the eventual success that was hoped for."

However, at the time of the arrests forged bankers' drafts amounting to $9½m. were found in premises associated with various defendants, and ready to be presented.

"The Crown will prove that certain banks were in fact defrauded to the tune of hundreds of thousands of dollars," Mr. Richardson said.

"It was a fraud, the Crown say, which really knew no limit. If it had not been checked, and if it had gone on, there can be little doubt it would have undermined the banking system of virtually the whole civilised world."

The forgeries went well beyond the documents needed to deceive banks. The organisation had also forged identity documents, particularly passports, and vaccination certificates, driving licences, travellers' cheques and bankers' cards—though many of the latter had been stolen.

"Those engaged in this enterprise could travel anywhere in the world more or less without hindrance and inconvenience from the ordinary immigration laws," Mr. Richardson said.

In the dock are William David Ambrose, 47, director, of Sandown Road, Esher, Surrey; Andre Biro, 52, stone dealer, of Vane Close, Rosslyn Hill, Hampstead; Francisco Fiocca, 48, antique dealer, of Westbourne Gardens, Bayswater; Henry Oberlander, 51, of Clarendon Road, Notting Hill; Emile Fleischman, 57, salesman, of Ladbroke Mews, Notting Hill; and Jorge Grunfeld, 55, antique dealer, also of Clarendon Road.

They plead not guilty variously to six conspiracy charges involving forged, stolen and false documents, bankers' drafts and passports. Oberlander and Fleischman also deny one charge of possessing 482 forged U.S. dollar bills with a face value of $46,600.

Mr. Richardson said that the organisation used 44 James Street, Westminster, as its main meeting place. Ambrose was the number one man in England, and was the protector and collector for the group in the U.K. He lived in a substantial house in Esher and was a director of the Cahill group of companies, which had offices in Prince Regent Lane, London.

Ambrose kept a low profile. He was the only Englishman in the dock.

Mr. Richardson said that when Oberlander was arrested he had 20 passports with seven different nationalities bearing 12 different names, together with false identification cards and driving licences. False names were also used by others "absolutely wholesale."

The case continues to-day.

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Drug trade unlikely to meet surplus aim

BY KEVIN DONE, CHEMICALS CORRESPONDENT

HE PHARMACEUTICALS dustry is unlikely to achieve target of a £500m. balance of ade surplus by 1980.

As part of the Government's dustrial strategy the pharma-uticals sector working party is ving detailed discussions with wide range of companies to aluate the industry's perfor-ance.

First indications, however, ggest that the target of ubling the positive trade lance for drugs within five ars—it was more than £250m. 1976—is unlikely to be met.

The report of the working rty, which will be considered ong with nearly 40 other sector rking party reports at a meet-g of the National Economic velopment Council on Feb-ary 1, suggests that there will a sharp fall in the growth of rld pharmaceuticals trade in e five years to 1980.

From 1970 to 1975, world ugs trade grew by about 20 per nt. a year (at current prices), t some estimates for the five ars to 1980 are now for an nual growth rate below 10 per nt.

Against this background, the rking party report, which is t to be published, says that ports would have to be grow-g at 15 per cent. a year and ports at only 10 per cent. a ar for the target of a £500m. trade surplus in 1980 to be met.

The reality is likely to be rather different. It predicts instead a growth in exports of 8-10 per cent. a year up to 1980 and a growth in imports of 12 per cent. a year. Such rates would produce a trade surplus of only about £400m. in 1980.

In the U.K. market alone, demand for prescription drugs is likely to grow at about 5 per cent. a year to 1980, compared with the annual growth of some 10 per cent. in the decade from the mid-1960s.

Price rules

According to the Government at least, progress is being made in one area of controversy, in the pricing of drugs.

The working party consists of representatives of the larger drug companies such as Beechams, Glaxo, ICI and Wellcome, with Government officials and officers of the main unions in the industry such as the General and Municipal Workers and the Association of Scientific, Technical and Managerial Staff.

It has maintained that drug pricing should be regulated in the U.K. so as to encourage companies to invest in research and development in Britain and to boost productive capacity.

U.K. prices generally have slipped to the lower end of the world-wide range, leading to pressure on manufacturers exporting from the U.K. to reduce their export prices and, hence, the profitability of export sales.

Increasingly, other countries are paying more attention to international price comparisons and relating their local prices to prices in the country of origin.

The U.K. industry says that too low prices in Britain are harming profitability, and as a result are damaging the industry's research and development programme and its long-term future.

Now, after initiatives taken in the sector working party, the Department of Health (which operates the Pharmaceutical Price Regulation Scheme) maintains that price negotiations this year based on companies' annual financial returns will take full account of their individual investment, research and trade performance.

But the industry is still sceptical. The report says: "The companies, for their part, remain to be convinced about the scale and impact of the new pricing regime."

In spite of this uncertainty, investment in research and development, which is crucial to the industry's growth, is expected to increase from about £100m. in 1976 to £170m. in 1980. The industry is also planning to place a growing emphasis on the small, but potentially important, animal health sector.

National Exhibition Centre chooses Olympia group chief

FINANCIAL TIMES REPORTER

AN END to the bitter rivalry between Britain's two chief exhibition centres in London and Birmingham, and a co-ordinated exhibitions pricing structure are foreshadowed by the appointment of Mr. Terry Golding, commercial director of the Earls Court and Olympia group to be deputy chief executive of the National Exhibition Centre at Bickenhill, near Birmingham.

The appointment is the culmination of a six months' search for a top-flight exhibition executive to provide the international marketing expertise that the National Exhibition Centre has lacked.

Mr. Golding, whose new job carries a salary of £17,000 a year, joins Sir Robert Booth, the exhibition centre chairman, who also took over as chief executive last March, when Mr. Gordon Brace resigned the general managership after a boardroom disagreement.

Sir Robert, 61, is expected to hand over the job of chief executive in the summer, when Mr. Golding can count on an appreciable increase in salary.

Mr. Christopher Stewart-Smith, chairman of Earls Court and Olympia, said Mr. Golding was "the best man available for the job.

"We were pleased to play our part in the interests of the exhibition industry generally and hope this new job will help foster good relationships between our two centres."

This is a surprising statement in view of the sniping that has been going on, particularly from the London end and from many exhibition organisers over the alleged disadvantages of staging shows at the 1m. sq. ft. National Exhibition Centre and the recent steep rises in charges.

Co-ordination

Sir Robert and Mr. Stewart-Smith both sit on the five-man working party set up by the British Overseas Trade Board last summer to examine ways of establishing greater co-ordination in the exhibition industry, and they have got on well together.

The National Exhibition Centre has yet to emerge as a truly international centre in the sense that it has still to become firmly established on the circuit for the big shows that move around Europe. One or two of these have booked so far.

Mr. Golding, aged 45, joined Earls Court as chief accountant in 1960, becoming company secretary in 1965, financial director in 1972, and was then appointed to a similar position at Olympia. He became commercial director of the whole group in 1975.

Sales increases restore unit trusts' confidence

BY ADRIENNE GLEESON

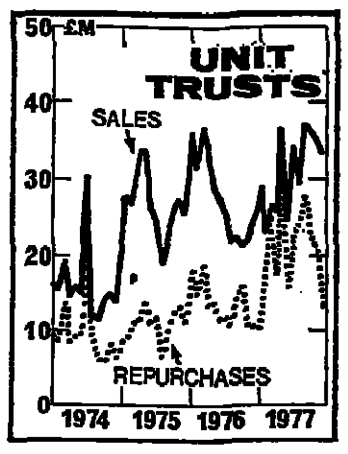
WITH total sales last year at £372m., second only to the record £437m. of 1972, the unit trust industry seems to have put paid to the suspicion that it is a dying investment medium.

But the year's figures, released yesterday with those for last month, show that repurchases last year were the highest recorded, at £258m.

In consequence, net new investment for the year was well short of that for either 1976 or 1975, at £114.4m., against £167.5m. and £190.3m. respectively.

The December figures, however, confirm that the crisis which loomed over the industry in mid-summer, when long-standing investors took advantage of the buoyant stock market to liquidate their holdings, has receded.

Though the value of gross sales, at £33.39m., was down on the preceding month, repurchases at £13.1m. were the lowest for the year, and net new investment, at £20.3m., was the highest since April, 1976.



The value of funds managed by the industry rose marginally last month to £3.46bn.—the highest year-end total on record. The highest level ever was reached at the end of October last year, when the total value of funds rose to £3.48bn.

● In its seasonal submission to the Chancellor the Unit Trust Association has asked for a change in the tax treatment of the industry. It wants any liability for capital gains tax allocated not to the trusts (as at present), but to the individual investor, who would escape it altogther if his total disposals came within the £1,000 annual exemption.

The association also wants an end to the present anomalous position over the treatment of the unfranked income of unit trusts—which effectivley debars fund managers from establishing income-oriented gilt funds—and permission for managers to operate U.K. authorised unit trusts for non-residents, free of all taxes other than withholding taxes.

Finally, the association wants those authorised unit trusts operated exclusively for tax exempt bodies completely exempted from corporation tax.

Tin plate price to go up 6.5%

THE PRICE of tinplate is to go up by 6.5 per cent. on February 12, the British Steel Corporation said last night.

Increased costs were blamed for the increase which comes after a rise of 8.9 per cent. last August.

The corporation said that its customers, including the Metal Packaging Manufacturers Association and the Food Manufacturers Federation, had already been informed.

The increased cost would be passed on to consumers and would affect the price of canned food, the Food Manufacturing Federation said. "The food manufacturer for so long has had to operate on such a small margin. There is very little elbow room for him to absorb extra costs."

Chemical exports reach a record £3.8bn.

BY OUR CHEMICALS CORRESPONDENT

EMICAL INDUSTRY exports iched a record £3.8bn. last ır, in spite of depressed ding conditions particularly in stern Europe.

Exports rose by 27 per cent. in ue and 9 per cent. in volume npared with 1976.

But the U.K. home market has o proved increasingly attrac-e for lower cost imports, ulting in the volume of im-rts increasing by 11.3 per cent. at a faster rate than exports.

The value of imports rose by 6 per cent., compared with 27 per cent. rise in the value exports, increasing by £471m. £2.5bn.

The industry's positive trade lance was up to £1.4bn. an crease of 34 per cent. com-red with 1976.

Mr. Martin Trowbridge, director-general of the Chemical Industries Association, said yesterday that last year's record was particularly pleasing in view of the sluggish performance of world economies.

West European and other chemical producing countries were equally anxious to cope with their own problems of surplus production capacity, and he warned that the outlook for 1978 was not particularly encouraging.

"Evidence that world marketing conditions this year may be even tougher is suggested by the slight downward trend of trade in the last quarter of last year. The increase in the value of the pound, while useful to Britain in some respects, will make our chemical export job much more difficult this year."

Current surplus forecast at £1.2bn. this year

BY MICHAEL BLANDEN

ITAIN'S external current ount surplus is likely to be out £1.2bn. this year, stock-kers de Zoete and Bevan ecast in their latest economic letin.

This is about £300m. lower n the last Treasury estimate, the official forecast did not e account of any additional ationary measures in the hcoming Budget.

our main conclusions emerge n the brokers' analysis.

J.K. exports of manufactured ds are likely to take a lower re of world markets in 1978.

North Sea oil production ıld rise by 30m. tons — 71 cent. — but increased nand for oil as a result of ıer domestic activity and ris-overseas demand will leave a modest fall in the volume oil imports.

The volume of imports of ufactured consumer goods ıld grow by 22.4 per cent. orts to the U.K. will drop by only 9 per cent., compared with a 21 per cent. reduction last year.

● The invisible surplus should be significantly reduced. This will result from an increase in the invisible debits from increased spending on overseas travel, high debt servicing costs and outflows of North Sea oil profits.

BPB Industries changes pricing

BPB INDUSTRIES has agreed to make what the Department of Prices described as "significant changes" in its pricing and trading policies after talks on the Monopolies Commission findings on the plasterboard industry.

The company, which is the only U.K. manufacturer of plasterboard, says its deliveries will be charged at prices which more accurately reflect the cost of distribution.

8m. aero engine centre planned for Prestwick

Y MICHAEL DONNE, AEROSPACE CORRESPONDENT

Caledonian Airways Group, h includes British donian Airways, is planning 8m. aircraft engine overhaul test plant at Prestwick Air-, Scotland. A planning ication has been made to and Carrick District ıcil.

The venture is being organised ugh a group subsidiary, donian Airways (Prestwick). nce will come from the donian Airways Group as as through a loan from the tish Development Agency regional development grants.

The aim is to create a major engine overhaul centre in Scotland, primarily involved in work on the U.S. General Electric CF6 engines used in the McDonnell Douglas DC-10 fleet already in service with British Caledonian, and also used in the European A-300 Airbus.

The Caledonian Airways Group made it clear yesterday that in developing the centre it was bidding to become the major DC-10 and Airbus engine overhaul organisation in Western Europe.

The Scottish Development Agency said that its share of the £8m. cost of the proposed engine plant would be more than £4m.

Vilson committee urges tate-backed film fund

Y CHRISTOPHER DUNN

NEW State-backed produc- fund for British film kers is recommended by an on committee investigating industry. It is headed by Harold Wilson.

The committee, whose in-m report was published terday, says the initial ernment contribution could as high as £5m., on which interest would be payable.

The fund should also be able draw up to a fifth of the ly levy, a tax on cinema is now worth over £4.5m. ear.

The committee also proposes ew British Film Authority, estimated £250,000-a-year t of which would be met a Government grant.

Sir Harold said that the cost of the proposed authority was "a bargain."

British film makers are helped at present by the National Film Finance Corporation, which borrows money from the Department of Trade at commercial interest rates.

The Corporation owes the Department £9.2m.; and the centre proposes that this liability should be cancelled and the corporation dissolved.

The proposed authority, the centre suggests, should have a two-tier structure—one section made up of a part-time Board and the other dealing with particular subjects by various centres.

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LABOUR NEWS

Railmen end co-operation on cost-cutting schemes

BY NICK GARNETT, LABOUR STAFF

THE NATIONAL Union of Railwaymen has told British Rail that it is ending co-operation on money-saving measures introduced over the past two years and wants most of what it claims are more than 9,000 vacancies in the industry filled quickly.

The economies, which included attempts to reduce overtime and week-end working, were agreed during a particularly bad economic period, when the Government said it was pegging cash support for the railways.

The union, however, claims that there is still far too much overtime and rest day working and that services are being threatened because British Rail has done little to prevent a big rise in the number of unfilled jobs.

British Rail, following consultations with the three rail unions, is already considering ways the money-saving guidelines can be changed.

It contests the figure of more than 9,000 "real" vacancies, however. It says that although on paper there are about 8,500 vacancies, many of these have resulted from the scrapping of jobs through changed working practices, including new freight handling techniques and the use of modern signalling equipment.

Mr. Sid Weighell, general secretary of the National Union of Railwaymen, which called yesterday for the phasing-out of overtime.

Of the rest, some were due to staff turnover, while others could not be filled because staff could not be found to do the jobs, particularly those in London and those involving excessive shift working.

The NUR, with 180,000 members, says staff levels in British Rail have fallen by 10,000 to 242,000 in the past two years, with most of the jobs lost being those held by its members.

Job cuts will certainly be used by the union as a measure of its contribution to the railways' improved productivity when talks on a possible productivity pay deal begin at the end of the month.

The NUR is committed to seeking wage rises that would go some way to restoring 1975 pay levels—an overall target set at 63 per cent.

The union is already under pressure from its members in the National Freight Corporation who have seen other road drivers receive rises of 15 per cent. British Rail is certain to offer a deal strictly within the 10 per cent. pay guidelines.

Welsh miners still reject incentives

BY ROBIN REEVES, WELSH CORRESPONDENT

A SOUTH WALES miners' delegate conference decided yesterday to continue opposing the National Coal Board's pit productivity scheme. It will recommend rejection of the scheme in a new ballot to be held on Wednesday.

At the end of the 2½-hour meeting, the delegates agreed by a majority vote to endorse the go-it-alone policy of the South Wales Executive of the National Union of Mineworkers which, earlier this week, agreed to call for rejection of the Coal Board scheme in a new ballot.

The decision was taken in spite of the change of heart in other coalfields and the outcome of the vote in Yorkshire, where miners, last week, voted 60-40 to go along with the Board's plan.

Mr. Emlyn Williams, the South Wales miners' president, emphasised that the executive was prepared to consider an area, rather than a pit scheme, but the NCB had rejected the suggestion.

Yesterday's decision to back the executive's line took the form of a card vote in which 310 votes were cast in favour of rejection and 258 against. Each card represented 50 union members.

The union's Yorkshire area council is expected on Monday to consider sanctioning industrial action in support of 450 men at Elsecar Workshops near Barnsley. They have been on unofficial strike for six weeks demanding the appointment of a night shift first-aid attendant.

Production at Sharlston Colliery, near Wakefield, was also halted yesterday when a small number of winders started an unofficial strike over their percentage share of incentive payments.

A dramatic rise in the output of the 12 pits in South Nottinghamshire was revealed by the NCB yesterday. Production has risen by more than 19 per cent. in the last full week, compared with the same week last year. The Nottinghamshire miners were among the first in the country to join the incentive scheme.

Engineering pay pact endangered by offer

By Alan Pike, Labour Staff

THE ENGINEERING industry *national* pay agreement was in danger of collapse last night after an employers' offer which would add about 2½ per cent. to the wage bill.

Though there are advantages to unions and employers in maintaining the national agreement, both sides accepted that it might be impossible to agree when talks resume on February 3. All wage negotiations in the industry would then revert to company level.

The national engineering agreement forms the industry's minimum wage and is used for calculating holiday pay, overtime rates and shift premiums, but gives direct pay increases to few workers.

Confederation of Shipbuilding and Engineering Unions leaders submitted a claim for new basic rates, now £42 for craftsmen and *£33.60 for labourers, of £70 and* £55. The Engineering Employers' Federation offered £52 for craftsmen and £40 for labourers.

Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, said he was "surprised and utterly dismayed at such a derisory offer."

The unions calculate that the pay aspect of their claim would have added 7.9 per cent. to the wage bill.

Mr. Astley Whittall, president of the engineering employers, said that his members wanted to retain some of the 10 per cent. available under Government pay guidelines for negotiation at local level.

Leyland workers demand Government cash pledge

BY PAULINE CLARK, LABOUR STAFF

SENIOR UNION representatives of British Leyland's car workers made clear yesterday that they are seeking a "financial commitment" from the Government to maintain employment in the company.

After a meeting in London with Mr. Eric Varley, Industry Secretary, a delegation of union leaders emphasised that they were "fully committed to maintaining Leyland as a viable enterprise" and indicated that they were not necessarily opposed to any plan put forward by Mr. Michael Edwards, chairman of the company, which was directed to that end.

The unions have recently faced speculation that redundancies under reorganisation proposals might amount to 12,000 this year, but it was felt yesterday that it was too early to begin detailed argument.

Mr. Grenville Hawley, national secretary for the automotive division of the Transport and General Workers' Union, made it clear that the unions were waiting for more details.

At Chrysler's Linwood plant, shop stewards decided to ask the Government for its view of the company's future after the five-year rescue agreement expires.

The move follows Chrysler's announcement that it is transferring production of the Tango *model from Linwood to Ryton,* Coventry.

Shipyard men claim 'fair wages' rise

By Our Glasgow Correspondent

MORE THAN 600 technical staff at Yarrow (Shipbuilders) yesterday launched a claim for a "fair wages" pay rise with the Central Arbitration Committee at a hearing in Glasgow.

The claim, on which there will be a decision in about four weeks, is the forerunner of a series of similar claims from nearly 10,000 West of Scotland shipbuilding workers. Awards by the CAC are exempt from incomes policy limits.

All are seeking parity with the 5,500 employees of Govan Shipbuilders, said to be earning basic wages between £10 and £20 a week higher than other shipyard *workers employed on the Clyde* by British Shipbuilders.

Move to regain parity

SOME 105,000 civil servants will *put in a pay claim — believed* to be around 20 per cent. — at the end of the month in a bid for parity with salary levels in the private sector.

The executive council of the Society of Civil and Public Servants, the second largest Civil Service union, decided yesterday *to submit a pay claim to* "restore the pay of executive civil servants to parity with salary levels of managers in the private sector."

Details of the claim will be lodged and released to the membership at the beginning of February.

Bid to end work-in

A WORKS conference in Coventry to-day will try to solve the dispute at Rolls-Royce, where 2,600 men are holding a work-in.

The manual workers have been operating an overtime ban and other restrictions in support of their annual pay claim. The company however, says that the claim is equivalent to 30 per cent. and announced that the manual workers would *be laid off from yesterday.*

The 1,900 day shift men and the night shift retaliated by working normally, but without management supervision.

The company said: "We consider these men laid off and they will not be paid."

Solicitor named heads' leader

THE National Association of Head Teachers has appointed a man who has never taught as its general secretary. Mr. David Hart, 37, deputy general secretary and solicitor of the 21,000-member association, takes over in April from Mr. Robert Cook, who is retiring after 11 years.

Recognition Bill before MPs

BY CHRISTIAN TYLER, LABOUR EDITOR

A BILL to prevent recognition disputes between TUC unions from going to the Advisory Conciliation and Arbitration Service, and thus possibly to the courts, was laid before Parliament yesterday.

The Bill also seeks to give workers right of appeal against unfair dismissal at industrial tribunals if they are sacked by their employer after an ACAS recommendation that their union be recognised.

Although the Government has decided to back this Private Member's Bill by Mr. Ian Mikardo, it is thought unlikely to get strong support. Part of the reason is that the second part attempts to make an exception of the rule that industrial tribunals can consider individual but not collective cases.

The first part of the Mikardo Bill is important to the TUC, which because of a row with Mr. John Lyons' Engineers' and Managers' Association has been served with a writ and faces the prospect of one of its own disputes committee rulings being reversed by ACAS. But ACAS, also being sued by the Engineers' and Managers' Association, is stalling, since it does not want to become involved with TUC procedure.

By contrast strong Labour and possibly Liberal support is expected for to-day's Second Reading of Mr. Ted Fletcher's proposed amendment to the Employment Protection Act, 1975. This seeks to increase ACAS discretion in the conduct of recognition inquiries and overcome the Lords ruling in the Grunwick case that non-co-operation by an employer is no excuse.

Whipping is reported as intensive *on both sides of the House* for the vote.

The TUC Employment Policy and Organisation Committee welcomed both Bills on Wednesday as "helpful." It is concerned about the way the union recognition process of ACS has been challenged in the courts.

TUC leaders have taken particular note of Lord Salmon's comments in the Grunwick case. He said that if ACAS made a recommendation for recognition against the "genuine opinions of a large majority of the work force," the courts would have the power and duty to overturn the recommendation.

ACAS recommends recognition for minorities—larger or smaller according to circumstance—but with no set rules.

The TUC also strongly supports Mr. Norman Buchan's Bill removing legal constraints on the right of Post Office workers to strike.

PARLIAMENT AND POLITICS

Fury erupts in Labour ranks

BY PHILIP RAWSTORNE

LABOUR'S anti-Common Market MPs erupted in violent protest yesterday under the stresses of the Government's commitment to European direct elections.

Mr. Michael Foot's announcement that the Government intended to guillotine its Bill next week set off a tremor of rage that tore open the old party split.

Mr. Eric Heffer, whose spouts of indignation recur as regularly as any natural geyser, this time blew his top. "I appeal to you to reconsider," he fumed at Mr. Foot. This wasn't party policy—and if the Government went ahead, he would reconsider his own support for some of its other legislation.

Mr. Foot, crouching over the Despatch Box as the insults and threats showered hotly around him, said mildly that he was aware of the strong feelings in the Labour Party. But the Government had a commitment to get this Bill and the others in its programme.

"To hell with the Government," Mr. Heffer exploded. "I'm sick of it," he boiled. Mr. James Callaghan leaned back in his seat and laughed but the shock waves rippled across the benches behind him.

"The House is getting too excited," warned the Speaker, eyeing Mr. Heffer's convulsions with concern.

But Mr. Ernest Fernyhough, trying to cool things, merely produced more steam. The Government was making difficulties where none need exist, he said. Mr. Foot apologised but insisted on making them.

Amid renewed fury, Mr. John Mendelson declared that if the guillotine were not abandoned, "the only defence of the Commons will be to prevent all progress on all legislation from now on."

Tories gasped in hopeful anticipation—but even that could not restrain the Labour MPs. "No, no, no," they yelled as Mr. Foot suggested they should reconsider that threat to the Government's programme.

Without timetables for its Bills, the Government would not be able to carry out all its obligations. "The Government have faced that fact . . . the Labour Party should face it," he said.

Mr. David Stoddart, dormant in the Government Whip's office until recently, joined the outburst. The Government could not get a majority of Labour MPs and would have to rely on Tory votes. If Ministers were not to be bound by party policy, then neither were others, he declared.

And Mr. Robert Kilroy-Silk said that party morale in the country could be lost in the splits that were being opened, particularly if attempts were made to bridge them with Tory votes.

Mr. Kenneth Baker, Tory MP for St. Marylebone, watching the Labour turmoil, suggested that it might be time to take the electoral temperature

But Mr. Foot, though obviously wishing he were somewhere else, was in no hurry to go to the country. The Government had a full programme to get through, he repeated.

The chances of that hardly seemed to be enhanced by the fact that only one Labour MP stood up to support him. Mr. Ian Wrigglesworth bravely welcomed the guillotine, and was almost engulfed in the upheaval of hostility around him.

While Labour MPs refused to rescue Mr. Foot, Mr. Tim Renton volunteered from the Tory benches. Whatever Socialist measures would the Government bring forward if the European Elections Bill were out of the way? he asked

Mr. Foot was unable for the moment to think of one—and his chin drooped nearer to his knees.

"I don't think that question helps anyone," he said. Nor, he vainly assured his backbenchers, had the Government been promised any other sort of assistance from the Opposition.

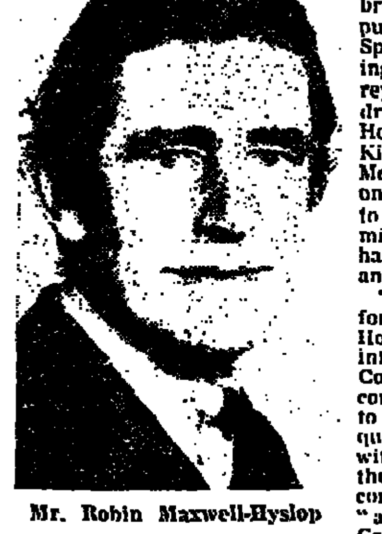
In the controversy over Select Committee powers, **Robin Maxwell-Hyslop, MP**, finds an interesting precedent

Advance or retreat—the choice for MPs

THE AIR of mystery which has been induced around the whole question of the obligations of witnesses to a Select Committee of the House of Commons is largely spurious. It is, however, necessary to remember that Erskine May's "Parliamentary Practice" is a reference work only. It is neither an original source nor an authority *per se*, despite the claim to the contrary made in the "blurb" on its dust-jacket.

The work undoubtedly provides invaluable sign-posts to original sources and authoritiies. But it contains errors of fact, and, also, summaries of events which often omit interesting details, and occasionally facts which are crucial to the determination of a case.

In the present *cause celbre*, it is necessary to bear in mind that a nationalised industry is not a Government department. Nor is its chairman a Minister of the Crown. It therefore follows that a nationalised industry does not fall within an exemption peculiar to a Government department, nor does the chairman of a nationalised industry fall within an exemption peculiar to Ministers of the Crown.



Mr. Robin Maxwell-Hyslop

The power and authority of the Nationalised Industries Select Committee currently emanates from an Order of the House of Commons itself. The journal of the House for November 15, 1974, includes the following record:

"ORDERED, That there shall be a Select Committee to examine the Reports and Accounts of the Nationalised Industries established by Statute whose controlling Boards are appointed by Ministers of the Crown and whose annual receipts are not wholly or mainly derived from monies provided by Parliament or advanced from the Exchequer . . .

"ORDERED, That the Commitee have power to send for persons, papers and records, and to adjourn from place to place and to report from time to time . . .

"ORDERED, That the Committee have power to appoint sub-Committees and to refer to such sub-Committees any of the matters referred to the Committee.

"ORDERED, That every such sub-Committee have power to send for persons, papers and records, to report to the Committee from time to time, and to adjourn from place to place."

From these quotations, it will be apparent that this power to command the attendance of witnesses, and to require the production of such papers and records as the Committee requires, results directly from an Order of the House of Commons, not from any reference in Erskine May. The journal entry above mentioned concludes with this unambiguous resolution:

"ORDERED, That this Order shall be a Standing Order of the House."

When a person in receipt of an instruction to answer a question put by the Nationalised Industries Committee, or to produce a paper or record under the control, or in the possession, of that person, refuses to do so, it is thus the authority of the House of Commons itself which is defied, rather than the authority of that committee.

Standing Order No. 84 empowers such a Select Committee, *inter alia*, "to make a special report of any matters which they may think fit to bring to the notice of the House." The current edition of Erskine May notes, under the heading "Special Reports," that "a report that a witness has failed to obey a summons to attend or has refused to answer questions addressed to him by the Committee are examples of such special reports."

When we turn to the question of enforcing the Order of the House, there is a most interesting precedent in the case of Mr. John Kirkwood who refused to answer questions put to him by the Select Committee which examined the practice of money-lending. The journal of the House for July 15, 1897, records that "John Kirkwood, a witness summoned to attend the Committee, had refused to answer Questions addressed to him by the Committee," whereupon the House "ORDERED that John Kirkwood do attend this House to-morrow at Three of the clock."

Next day, Mr. Kirkwood was brought to the Bar of the House pursuant to that Order, and the Speaker questioned him concerning the Select Committee's report. Mr. Kirkwood then withdrew, and in his absence the House "ORDERED that John Kirkwood do attend the next Meeting of the Select Committee on Money Lending, and answer to the satisfaction of the Committee the Questions to which he has hitherto refused to make an answer."

This constitutes the precedent for the proposition that the House, having vested these interrogatory powers in a Select Committee, vests also in the committee, rather than reserves to itself the determination of the question as to whether the witness concerned has discharged the duty placed upon him by the committee. The injunction to "answer to the satisfaction of the Committee makes this quite explicit.

Erskine May claims on page 647 of the current edition that there are two limitations on the power of a Select Committee to send for papers: first, where the appropriate method of obtaining them is by the passing of an "address" to Her Majesty, which only applies when a Minister has a duty to respond. As Sir Charles Villiers is not a Minister he cannot avail himself of this alleged exclusion.

Secondly, it is alleged that a committee cannot "require an officer of a public department to produce any paper which, according to the rules and practice of the House, it is not usual for the House itself to order to be laid before it."

Since a nationalised industry is not a "public department," even this highly questionable exclusion cannot possibly apply to British Steel.

The Order of the committee to Sir Charles to supply papers in his possession or under his control could not have been evaded, by appeal to either of the above alleged exclusions from the power of the Nationalised Industries Committee to send for papers or records, on the basis of the advice offered in Erskine May.

The importance of this case is its watershed location in the advance or retreat of Parliamentary power to control, or even influence, public expenditure and policy through the only effective contemporary means, the Select Committee system. If the House fails to assert and maintain its own authority in this case, the efficacy of every Select Committee will be eroded, and Parliament, as an institution, will have devalued itself.

Callaghan urged to state pay bargaining attitude

BY IVOR OWEN, PARLIAMENTARY STAFF

STATEMENTS IN the Conservative policy document "The Right Approach" were called in aid by the Prime Minister in the Commons yesterday when he came under pressure from Mrs. Margaret Thatcher, Opposition leader, over the Government's attitude to free collective bargaining.

To the delight of the Tory benches, Mrs. Thatcher began the exchanges by reminding Mr. Callaghan of some of his earlier pronouncements, including a reference to "free collective chaos."

Last July was supposed to have seen a return to free collective bargaining, she said, but instead there had been the 10 per cent. guidelines, plus the "black-listing" of firms which breached them.

Mrs. Thatcher suggested that the Government now seemed to be working towards a 5 per cent. guideline—plus blacklisting—for the next pay round.

"Are you not really saying to the trade unions that so long as you are Prime Minister, there will be no return to their traditional role of free collective bargaining?" she asked, amid Tory cheers.

Mr. Callaghan said he was very happy to see the Opposition espousing the cause of free collective bargaining, which was in marked contrast to some of the statements made in "The Right Approach."

He recalled that on an earlier occasion he had stated that free collective bargaining was a very poor weapon for securing justice and proper pay arrangements but that nobody had so far suggested a better system.

Mrs. Thatcher pointed out that the Prime Minister had also stated that free collective bargaining was a test of the wisdom of democracy. "Is free collective bargaining your policy or is it not?" she demanded.

Mr. Callaghan said he still believed that free collective bargaining was a test of the wisdom of democracy. What he had constantly tried to do was to persuade trade unionists—with a fair degree of success—that moderate wage claims, based on productivity, were more likely to produce a real improvement in the standard of living than "exaggerated and runaway wage claims."

He challenged: "If Mrs. Thatcher disagrees with that proposition, perhaps she will say so."

Mr. Robert Adley (C., Christchurch and Lymington) protested that the Prime Minister had still not answered Mrs. Thatcher's question.

Mr. Callaghan said he was not aware that anybody was not advocating a voluntary pay policy, or free collective bargaining, or somewhere between the two, which he gathered had been the position taken up by the Opposition until Mrs. Thatcher's recent speech in Scotland.

Statements in "The Right Approach" acknowledged that any Government must take a view on the level of wages in any year and had therefore wisely concluded that the Government must be drawn into pay policy issues.

PM pledges 'rebuff' for any EEC move to halt jobs subsidy

BY IVOR OWEN

ANY ATTEMPT by the EEC to end Britain's temporary employment subsidy, now keeping 186,000 people in jobs, will be firmly resisted, the Prime Minister assured the Commons yesterday.

He made it clear, replying to anxious questions from the Labour backbenches, that the Government had received no approach from the EEC Commission on the issue.

If any approach were made, stressed Mr. Callaghan, it would be met with "a pretty serious rebuff."

Mr. Bryan Gould (Lab., Southampton Test) expressed concern about a report that M. Raymond Vouel, the EEC Commissioner for competition policy, believed that the subsidy was contrary to the Treaty of Rome.

He maintained that the temporary employment subsidy was the most valuable and effective measure which the Government had introduced to protect jobs. Any "interference" from the EEC should be resisted.

The Prime Minister answered that he had been very pleased to note that the Commissioner had stated that he wanted an amicable and constructive solution to the problem.

"So do I—one that will enable us to keep the jobs provided by the temporary employment subsidy. That is what we shall insist on."

When the issue was pursued by Mr. Michael Noble (Lab, Rossendale), Mr. Callaghan recalled that the Treaty of Rome came into being at a time when the world was expecting the market economy to dominate in a period of continued growth.

Conditions were now entirely different, and, in his view, this illustrated one of the weaknesses of having a written constitution.

The Prime Minister emphasised: "This must be pointed out to anybody who is asking the British Government—nobody has yet done so, I assume nobody will do so, and if they did, they will get a pretty serious rebuff—to put 186,000 people on the dole."

Thatcher vetoes Tory link with anti-racialism group

BY RUPERT CORNWELL, LOBBY STAFF

THE CONSERVATIVE hierarchy acted swiftly last night to paper over a damaging split, reaching as far as the shadow Cabinet, on what attitude to take towards the newly-formed and non-party Joint Committee Against Racialism.

The trouble is centred on a protracted wrangle over Tory representation on the committee, which culminated in a move by Mrs. Thatcher, Leader of the Opposition, to overrule a decision taken by her deputy, Mr. William Whitelaw.

Mr. Whitelaw, who is the party's home affairs sjokesman, had nominated as joint chairman of the committee, Mr. John Moore, who would have served in that capacity alongside Miss Joan Lestor, the Left-wing MP and chairman of Labour's national executive.

Mrs. Thatcher's veto was endorsed yesterday morning by her close adviser, Lord Thorneycroft, the Conservative Party chairman, who issued the statement that the party, as such, could in no circumstances take part in the joint committee's work.

His argument was that the Conservatives never allowed themselves to be corporately linked with other organisations.

Lord Thorneycroft insisted that the Tories were well known to be against racialism in any form. But, he stressed, the party had to continue to form its own policies and "be accountable to the public for them."

All he offered, instead, was the choice of Mr. Roger Sims, MP for Chislehurst and secretary of the Parliamentary Home Affairs Committee, to handle "contact and liaison" with the new body, which has immigrant, ethnic and church groups among its members.

The announcement, however, infuriated many party moderates, as well as Young Conservative and Tory student representatives, who have long campaigned for a more vigorous riposte to racialism from the party.

The incident comes hard on the heels of leaks that Conservatives plan to cut back heavily on immigration, once in power.

In a compromise formula, it was agreed last night that the Conservatives' National Union could send a representative to the Joint Committee. But the gesture is of limited scope as the National Union, in practice has fairly little power. Its main role is to arrange the annual party conference.

Tory leader in Heath peace move

By Richard Evans, Lobby Editor

THERE HAS been a peace move between Mrs. Margaret Thatcher, Conservative leader, and Mr. Edward Heath whom she deposed nearly three years ago.

The two met at Mrs. Thatcher's invitation on Sunday to discuss Mr. Heath's recent tour of the Middle East. The meeting, at Mrs. Thatcher's home in Chelsea, lasted nearly an hour.

Tory party leaders are keen to end the cool relations between the two because of the boost to party morale a reconciliation would bring in the run up to a general election.

Since being replaced as leader in 1975, Mr. Heath has remained aloof from the shadow Cabinet and previous attempts by Mrs. Thatcher to heel the breach have made little impact.

What remains unclear is whether Mrs. Thatcher will be prepared to offer Mr. Heath a place in her Cabinet if she wins the next election and whether Mr. Heath would accept. One possibility is that Mr. Heath could become a Tory Foreign Secretary or Minister in charge of European affairs.

Berrill queries cultural diplomacy value

BY REGINALD DALE

SIR KENNETH BERRILL, head of the Government's Think Tank, yesterday cast doubt on the value of cultural diplomacy in promoting Britain's real interests abroad.

He questioned whether people would be more likely to buy British goods or their Governments vote with the U.K. in international organisations simply because they had been exposed to the country's art, music and literature.

The way people abroad acted was more important than what they thought, Sir Kenneth told the Commons committee inquiring into his controversial report on Britain's overseas representation. The report urged the abolition of the British Council and the concentration of the BBC's external services on fewer areas.

Sir Kenneth said his proposals were intended to cope with the declining audibility of BBC programmes around the world as competing stations built bigger transmitters. Successive governments had refused to provide the funds needed to restore full audibility to the external services, an operation which would now involve capital costs of £50m. plus an extra £4m. a year for running costs.

If this money was not available, the answer should be to concentrate on improving the quality in areas which really needed an outside source of independent information, he argued. There was no point in producing programmes that nobody could hear. Even his own proposals would mean extra

Sir Kenneth, flanked by the members of his team, deferred to some criticisms by committee members. He accepted that with hindsight he could have spent more time travelling and looking into defence issues.

Think Tank members claimed, however, that their proposals for reducing spending on diplomatic entertainment and changing the entertainment allowance system had received considerable support.

Minister sees chance for fishing agreement

MR. JOHN SILKIN, Agriculture Minister, said yesterday that he believed progress had been made towards an "agreed solution" on the EEC Common Fisheries Policy.

Mr. Silkin was reporting to the Commons on the results of three days of bargaining at an EEC Council of Ministers' meeting on fisheries.

The European Commission, he told MPs, had now put forward proposals on quotas which the British Government could regard as "a basis of discussion if sufficient progress could be made on the crucial issue of preferential access."

He added: "I believe that not too much separates us from our partners on the important question of conservation measures."

The position of the British Government was "entirely reserved" and its judgment of the acceptability of proposals was dependent on what could be achieved on coastal preferences.

Mr. John Peyton, Opposition fisheries spokesman, called for an early debate on the matter. He said Mr. Silkin's words could "no longer conceal the fact that his way and that of the industry are now apart."

Mr. Iain Sproat (C. Aberdeen S) demanded a categorical assurance that if there was no agreement at the next meeting, Britain would unilaterally declare an exclusive 50-mile limit.

Mr. Silkin told him that if we failed to get an agreement, we would have to undertake our own unilateral conservation measures. Those measures would be very strong, very difficult and very tough. But he hoped there would be an agreement so that the fishing industry could be maintained and preserved and even expanded.

Mr. James Johnson (Lab., Hull W.) said that not only must Britain have dominant preference in the 12-50 mile zone, but should also enforce the law and police the zone.

Leading Tory MP dies

BY PHILIP RAWSTORNE

SIR JOHN HALL, Conservative MP for Wycombe and a former chairman of the Commons Select Committee on Nationalised Industries, died in a London hospital yesterday. He was 67.

Sir John, who entered the Commons in 1952, was a commanding figure on the Tory backbenches and wielded considerable influence in the Parliamentary party. He was a vice-chairman of the Tory 1922 Committee and of the backbench Finance Committee.

Chairman and managing director of Viscose Development and director of several brewery companies, he was knighted in 1973.

Sir John had announced that he would retire from politics at the next General Election, and his constituency association is in the process of selecting a new candidate.

The by-election in Wycombe, together with the two other contests pending in the Labour seats of Ilford North and Glasgow Garscadden, will provide an indication of the electoral standing of the major parties this spring.

Wycombe is a safe Conservative seat—Sir John had a majority of 9,079 at the last election—but there has been a strong Liberal vote in previous contests.

Governor's view backed

BY IVOR OWEN

A PROFIT could eventually accrue from the intervention made by the Bank of England in 1973 to prevent the collapse of fringe banks, the Prime Minister suggested in the Commons yesterday.

He endorsed the view of Mr. Gordon Richardson, the Governor, made public for the first time when he gave evidence to a Select Committee on Wednesday, that without the lifeboat scheme then put into operation, there could have been a threat to the monetary and financial system.

Mr. Dennis Skinner (Lab., Bolsover) who, described the Governor as a "friend of the CBI," said the evidence given about the bailing out of secondary and "third-rate" banks showed that some of the cost would fall on British taxpayers.

In scornful tones, he asked: "How is it that these entrepeneurs can take risks in the so-called private enterprise system and then, when they run into trouble, they are bailed out by the Bank of England and the taxpayer?"

Mr. Skinner called for an assurance that "these albatrosses" would not be allowed to spread their wings in future.

The Prime Minister replied that the action taken by the Bank of England at the time, as the Governor had explained to the Select Committee, was in the interest of preventing a threat to the monetary and financial system that would have involved grave dangers to the employment of millions of people.

"You may not believe it," he told Mr. Skinner. "But it is the Governor's view, and I certainly accept that view."

Mr. Callaghan then suggested that it was likely that any losses incurred were being more than made up by the interest payments that the Bank of England was now receiving in respect of some of the institutions that were taken over.

"Who knows, they may even make a profit out of it," he added.

Deprecating Mr. Skinner's description of the Governor as a friend of the CBI, the Prime Minister said the Governor was a public servant who worked very closely with all Governments, including the present one.

Next week's business

COMMONS DEBATES next week are:

MONDAY: Debate on agriculture; motion on EEC civil aircraft sector.

TUESDAY and WEDNESDAY: Scotland Bill, committee.

THURSDAY: Guillotine motion on European Assembly Elections Bill; debates on size of Hansard, and broadcasting proceedings of the House.

FRIDAY: Private Members' Bills.

Lords business is:

TUESDAY—Medical Bill, report; EEC report on equality of treatment for men and women in social security.

WEDNESDAY—Debates on tanker safety and pollution prevention; tourism; and childminders and foster parents.

THURSDAY—Debate on recommendations of the Royal Commission on the Press.

Green pound demand

FINANCIAL TIMES REPORTER

MR. JOHN SILKIN, Minister of Agriculture, refused to be drawn yesterday on any Government plans to devalue the so-called "green pound."

Asked to confirm or deny the suggestion in the Commons, Mr. Silkin said he had to weigh up the interests of all sides and reach a conclusion based on the national interest.

Mr. Gwilym Roberts (Lab., Cannock) asked the Minister to "confirm or contradict the appalling reports going around that the Government is contemplating a 5 per cent. devaluation in the green pound."

Mr. Roberts warned: "The only effect of these changes would be to add to the housewives' burden and make the Government's incomes policy far more difficult."

From the Conservative benches, Mr. Tony Newton (Braintree) called for an immediate devaluation of 7½ per cent. in the green pound.

Rodgers warns Tories on transport

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A CONSERVATIVE attempt to deny a second reading to the Transport Bill was beaten off by Government last night with a majority of 32 (185-153) after a strong warning from Mr. William Rodgers, Transport Secretary.

He argued that if the Conservatives succeeded in blocking the legislation, many British Rail services would have to close down completely by January next year.

When it came to the vote, the House rejected the Opposition amendment which urged that the Bill should not get a second reading because it failed fully to meet the needs of transport users, particularly in rural areas.

There was open incredulity and cries of disbelief from the Tories as Mr. Rodgers outlined the grave consequences, which, he said, would result if the Bill were rejected.

"There may be no commuter trains into London, no local services across country, no services of any kind in large parts of Scotland and Wales," he declared.

"A vote against this Bill is the height of irresponsibility. It is a vote to put an end to our national rail network."

In a clear reference to the next General Election campaign he added that many people would hold it against the Tories "when the time comes."

During the course of the debate Mr. Rodgers told MPs that Mr. Peter Parker, chairman of British Rail, had told him that BR expects to achieve a small surplus on its non-passenger business in 1978.

The Bill introduces limits on the financial assistance which the Transport Secretary can approve for BR after the end of 1978 to a total of £1.75bn. which can be further increased to £3bn., subject to the approval of the Commons.

It also transfers freightliners to BR and lays down the financial reconstruction of the National Freight Corporation. In addition it requires the publication of county public transport plans, exempts community buses from public service vehicle licensing and allows car sharing schemes to be advertised at places of work.

Dealing with the National Freight Corporation, Mr. Rodgers said that the main purpose of the restructuring was to deal with the financial problems of National Carriers. He said that the business was not in good shape when it was taken over by the corporation in 1969. It was then losing £20m. a year, but was now breaking even—an impressive performance.

The Bill relieved National Carriers of the burdens of the past. Future plans would, he said, almost certainly involve some further reduction in the work force.

The company's future viability depended on its ability to achieve and maintain acceptable levels of trading profits. This meant rationalising its general distribution business while developing new services.

He denied Tory suggestions that the Government would be coming forward with further plans for a reduction in the corporation's debt.

Conservative transport spokesman, Mr. Norman Fowler, attacked the measure as a "phony Bill." He gave notice that a future Conservative Government would not tolerate it if British Rail failed to produce financial returns giving a complete and meaningful breakdown of the profit and loss on their various services.

"Any Conservative Government will want to examine the basis for these figures. We will want this breakdown quickly. It will be unacceptable for us to have to wait for four or five years as some suggest."

NORTH SEA OIL REVIEW **BY RAY DAFTER**

Planning for emergencies like Ekofisk

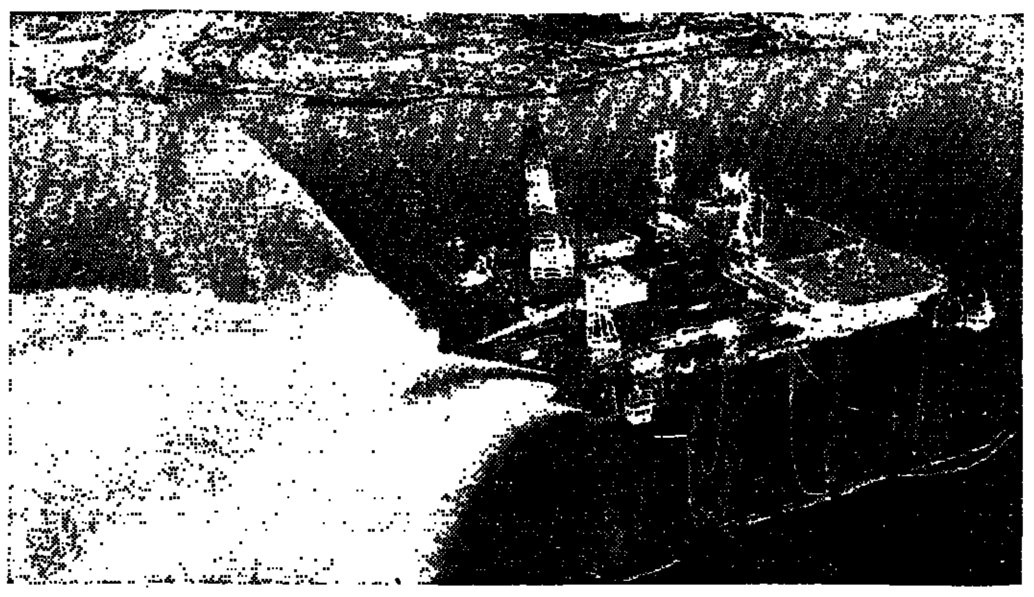
THE EMERGENCY procedures now being adopted in the five major producing areas of the North Sea not only make a lot of sense; they were inevitable following the spectacular well blow-out in the Norwegian Ekofisk Field last April.

What is surprising is that the plans, based on a mutual aid system, have taken so long to come to fruition, particularly in the southern offshore region. Here gas fields have been in operation for nine or 10 years; some of them might already be half way through their productive life. And yet only now is a safety zone being formally drawn around the southerly fields which are providing the U.K. with virtually its entire natural gas supplies.

Only now are the oil company members of the proposed Southern Gas Fields Club, led by Continental Oil, planning to introduce two new maintenance-emergency support vessels. The first of these, the Star Pegasus, is currently being converted for her new role.

The apparent shortcomings in the southern sector clearly cause the U.K. Offshore Operators' Association some embarrassment when it is called upon to provide an explanation. After all, it cannot hide the fact that there are no less than 61 platforms or fixed installations in this gas-producing area, 34 of which contain production wells and 29 of which are permanently manned. However, the lack of safety cover is probably more illusory than real; a black mark against the industry's public relations rather than its emergency planning.

Operators of the gas fields have always known that a major incident could be tackled immediately either from adjacent installations or from supply boats and small safety ships.



The Sedco/Phillips SS semi-submersible utility and emergency vessel demonstrates its fire-fighting capability.

Fire fighting on a low-lying gas platform presents fewer problems than a similar operation on one of the giant oil production units to the north. Furthermore, in a full scale emergency field operators could also call out support from the nearby Humber Estuary.

Consequently, the Department of Energy has expressed itself reasonably satisfied with the safety procedures that have so far been put in hand. The message was repeated last week when Dr. Dickson Mabon, Minister of State for Energy, met 50 senior representatives from 15 of the North Sea's main production companies to review emergency plans.

It was at this meeting that the U.K. Offshore Operators Association put forward its scheme for establishing five action sectors, the one in the southern sector and four in more northerly oil and gas producing regions. If the scheme is adopted, and talks are continuing, Shell will be the operator for the East of Shetland Club; Elf will lead the Frigg Club; British Petroleum will operate the East of Aberdeen Club; and Phillips will head the Ekofisk Club.

The idea is that owners or operators of multi-function vessels equipped with emergency facilities will come to the immediate aid of a club member whenever the need arises. If necessary the vessel will be sent to assist in another sector.

In essence this does no more than formalise contingency arrangements that have always existed in the North Sea. When Well 14 blew on the Ekofisk Bravo platform last year, for instance, the Forties Kiwi fire-fighting ship was sent from the U.K. sector to drench the escape of hot oil and gas.

Emergency planning can be broken down into three phases:

- An immediate response to an incident by means of fire-fighting and pollution prevention equipment on the platform itself and on nearby support vessels.
- Containment of the hazard.
- The repair of the facilities.

This leads to the first set of problems: what type of vessels are to be used and who will own them? At one point the industry was considering ordering a small fleet of jointly owned fire-fighting ships which might be put on emergency patrols. This idea was dropped for two basic reasons. Offshore conditions and platform designs vary greatly from one area to another so that a uniform fleet of maritime Green Goddesses would be unsatisfactory. Secondly, past experience has taught the offshore industry that such vessels would be greatly under-utilised.

So far there have been three major North Sea incidents where fully-fledged emergency support vessels would have been useful. The first was back in 1968 when a rig was blown off a gas well on block 44/23 in the U.K. southern sector of the North Sea. As the well-head was damaged another rig had to be used to drill a relief hole.

In October last year fire-fighting vessels dealt with a blaze on the drilling-rig Maersk Explorer following a gas well blow-out in the Danish sector.

Then there was the most dramatic, and most widely-publicised incident of them all: the Ekofisk blow-out in the Norwegian sector. This accident, in particular, taught the offshore industry and the regulatory authorities much about the problems of tackling rogue wells in deep water, far from land. In the event a long term pollution problem—one of the major concerns—did not materialise. The menacing oil slick was successfully dispersed, partly by the action of "clean-up" boats but largely thanks to Nature.

The Ekofisk Disaster, as it was labelled at the time, would have proved a marvellous testing ground for the Sedco/Phillips SS, the world's first specially-constructed semi-submersible utility and emergency vessel. By a quirk of fate the $40m. vessel, designed for work on the Ekofisk Field, was being completed at the Mitsubishi shipyard in Hiroshima, Japan, when the blow-out occurred. The multi-purpose unit — it is a floating workshop, diving base, fire station, hospital and hotel all in one — had been ordered in August 1975.

Since its arrival in the North Sea some two months ago the emergency facilities of the Sedco/Phillips SS have not been called into action. Its impressive fire-fighting capacity—equivalent to 150 firemen at work simultaneously—has been shown in tests and public demonstrations only. Phillips Petroleum, the Ekofisk operating company which is leasing the vessel, pointed to the benefits of Sedco/Phillips SS as a maintenance base.

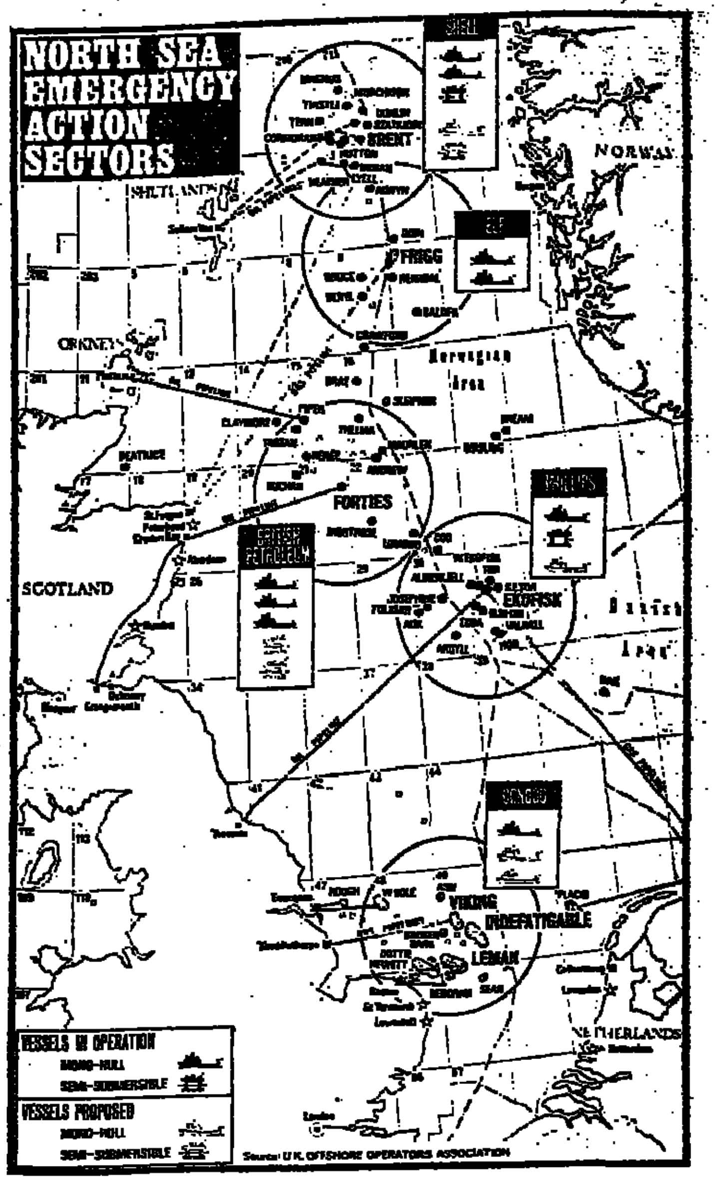
The vessel's workshop and diving facilities have been in constant use. A minimum of 26 divers are stationed on board and these have been engaged in removing debris from the seabed, removing flow lines from sub-sea wells (used as part of the early production system), repairing a monitoring device and inspecting boat bumpers. In the near future the vessel's large crane will be used for the change of flare stacks at both ends of the Ekofisk complex.

All this underlines why offshore operators have decided to introduce Maintenance Support Vessels (MSVs) with emergency facilities rather than pure Emergency Support Vessels. These ships, either mono-hull or semi-submersibles, will be designed to operate in the differing offshore conditions encompassed by the five initial action sectors.

Financing arrangements for many of those projected have still to be finalised. A vessel might be owned by one operator, such as BP on Forties. It might be bought and shared by a consortium of offshore groups. Or it might be provided on an entrepreneurial basis by a contracting group. In all of these cases there will be an understanding that the vessel will be released immediately in the event of an emergency. In at least the first two examples the vessel would be allocated on a "no-profit" basis; the operating group in trouble would be expected to pay no more than daily costs plus replacement of any equipment used or damaged.

At the moment there are five MSVs operating in the U.K. sector and a further six in the Norwegian and Dutch sectors. These figures will soon be reversed for, in April, the new Uncle John semi-submersible will be switched from Mobil's Statfjord Field to Shell/Esso Brent complex.

Offshore operators see the prospect of at least seven more being introduced on the British side over the next two years: two mono-hulls in the southern gas sector; two semi-submersibles for east of Aberdeen (one each for BP and Occidental): a semi-submersible for Shell and a mono-hull for Chevron/Union Oil in the East of Shetland sector; and a mono-hull for Shell/Esso's Auk/Fulmar complex in the Ekofisk sector.



This raises another, crucial set of questions. Where will the vessels be built and registered and who will man them? Dr. Mabon has made the Government's view plain. Orders for the projected vessels could be worth £240m. Dr. Mabon said that he wanted to see as much of the work as possible going to British shipbuilders with the ships registered in Britain, manned by British crewmen and equipped by British companies.

British Petroleum seems to have been persuaded to comply with these objectives. It is now considering five tenders for its semi-submersible MSV, all of them from U.K. yards. Other operators prefer to keep their options open. As one of them said this week, Japanese shipbuilders were offering a $40m. semi-submersible with a 15 months' delivery schedule. A similar vessel built in the U.K. could cost £40m.; the delivery date was less certain.

British yards will soon have an opportunity to demonstrate their abilities in this growing, but competitive market. It is to be hoped that the Government or its British National Oil Corporation, in pressing the case for U.K. industry, will not unduly frustrate the rapid build-up of a North Sea MSV fleet. The offshore industry has fortunately escaped a major catastrophe up to now. But the prospect is always there, and it is growing as North Sea production builds up.

A Department of the Environment paper on offshore oil pollution forecast in 1976 that there was an evens chance of more than one British offshore platform or rig being hit by a blowout by 1981. The report also predicted that in 1981 clean-up organisations would be called out three or four times to deal with tanker spills of which one or two were likely to be greater than 135 tons. Incidents in the Norwegian and Danish sectors last year reinforced those warnings.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AUTOMATION

Smooth up and down for the passenger

IMPROVED reliability and smoothness are claimed for the "750" hydraulic lifts from TI Becker Lifts.

The result of several years' development, they incorporate a new slowing system patented by TI Becker which permits stepless slowing and acceleration. It provides that the speed of the car is a function of distance from stopping level, not of the time after a slowing signal. This gives the lift setter total control over slowing distances which means that smooth slowing and stopping can be achieved under all conditions of load, up or down, from high running speeds, and irrespective of hydraulic fluid temperature.

The use of "distance from floor" as the controlling variable eliminates the need for a long period of travel at slow speed. The system can be set to run just 10 mm or even less at slow, before stopping at floor level, with the confidence that this distance will be maintained even though load conditions may vary.

A very slow creep speed, which contributes to smooth stopping yet does not increase the elapsed travel time between floors under any circumstances, is thus permitted. The lift thus provides a standard of service equal to that of nominally faster equipment which has to allow a "buffer zone" through which it runs at slow speed, the developers say.

Smooth control at speeds up to 1.25 m/sec. (250 feet/min.) requires matching detailed refinements, including silent shaft switch operation. Becker uses inductance-operated proximity switches designed to give floor levelling to ±3 mm. The sensors operate in conjunction with a new control panel which employs ac circuitry and pneumatic timing devices. Alternatively dc versions can be provided.

TI Becker, Ealing Road, Alperton, Wembley, Middlesex HA0 4PA, 01-903 0211.

Easy up and over

DESIGNED to end problems that builders and contractors may experience when installing remotely controlled actuators for power operated up-and-over garage doors, the Carmatic actuator with its radio receiver and control box can be fitted as received — no dismantling or removal of covers is required.

Installation can be done in a matter of minutes. The limit switches are extremely easy to set, and cannot fall out of adjustment subsequently. For setting the sensitive device that automatically reverses the motion of the door in either direction if it comes up against an obstruction, the adjustment screw is instantly accessible, outside the control box.

Solid state electronics, applied for the first time to equipment of this type the manufacturer asserts, makes the system inherently reliable. There are no relays or other electrical or mechanical devices to become clogged with dust or debris, corrode, wear, fall out of adjustment or short-circuit in wet or foggy weather.

The builder can be sure that he will not be called back after installation to attend to some obscure electrical failure. In the unlikely event of trouble with the electronics, it is only necessary to unplug the printed circuit board and replace it, which is two minutes' work. Spurious radio signals, even on the correct frequency, are rejected by a patented arrangement in the printed circuit.

In the event of a failure of the electric power supply, a quick flick of a release handle disengages the automatic actuation gear, so that the door can be opened and closed manually: re-engagement is just as simple. Additionally, a foolproof external operation release device is available for garages where there is no access other than through the up-and-over door.

The Carmatic has been introduced by Cardale Doors — part of the Cardale Engineering Group. Further information from Brackley (0280) 703031. Industrial Estate, Brackley, Northants. NN13 5EA.

Train cab simulators

DRIVERS FOR the Hong Kong Mass Transit Corporation (which will operate the city's new underground railway) will be trained on cab simulators being built by Redifon Simulation. The contract, at an undisclosed figure, has been placed by Metro-Cammell, Birmingham, which is manufacturing the rolling stock for the railway.

The three simulators will be replicas of the driving cab interiors, constructed within three cab bodies from Metro-Cammell. Supervision and control of training exercises will be carried out by an instructor seated at a console, with audio contact to each trainee.

All programming and information required for instruction will be generated through one central processing unit, which will incorporate an Interdata 8/16E digital computer.

Typical procedures for driving and communications can be taught to inexperienced operators. Effects that can be simulated include acceleration and deceleration, braking under normal and adverse conditions, and background sounds.

Pre-programmed or manually introduced faults can be added by the instructor, who can use a slide projector to select scenes of platforms, tunnels, signals, etc., which the trainee will see through the cab windscreen. There will be a computer print-out of each exercise for subsequent analysis.

Details from the maker, a Rediffusion Organisation company, at Gatwick Road, Crawley, Sussex RH10 2RL (0293 28811).

● POLLUTION

Small tough incinerator

SAID TO be inexpensive and reliable, a reciprocating grate has been designed in the small to medium capacity range (½ to 2½ ton/hr. burning rate) for use in municipal, industrial, hospital and security waste incinerator applications.

It consists of interleaved horizontal moving and stationary grate sections, mounted on wheeled frames running on rails. The rails extend from the furnace into the plant room for easy inspection and maintenance.

Each grate section comprises a number of refractory concrete slabs cast into U-shaped steel channels attached to the grate frames. These slabs, forming the grate hot face surface, reciprocate in alternate lines, imparting a forward and tumbling action to the refuse in the furnace.

Refuse can be fed manually or automatically into the front of the furnace, and the ash is discharged from the rear. Hydraulically operated double interlocked doors prevent direct access to the furnace chamber when the furnace is fed.

Reciprocation of the grate is by hydraulic rams, with length and frequency of stroke selected from a variable sequence timer to suit the waste being incinerated.

More from the maker, Incinerator Company, Howard Road, Eaton Socon, Huntingdon, Cambridgeshire, PE19 3ER (0480 213171).

● SAFETY

Stops tanks overflowing

PROVIDING EARLY warning, high level alarm, and automatic valve close down on chemical tankers, is a pneumatic level sensing system developed by John Davis and Son (Derby), a Doulton Engineering Group company.

The unit is normally sited on the side coaming of the cargo tank hatches, and incorporates a visual indicator. Air pressure created in a probe in the tank sets off the early warning when the tank is approaching the full level. The warning consists of an air horn, and the visual indicator starts to revolve. This signal means that the cargo flow should be manually controlled up to the full mark.

If no action is taken by the time the cargo reaches a second pre-set level, twin air horns sound, and simultaneously the main valves controlling the flow to the tank will be automatically closed. The system can be optionally fitted with a mains air failure warning, showing that the essential air supply to the control unit has failed—if this happens, the flow valves are again closed.

The unit is stated to meet all the latest specifications and recommendations for the carriage and handling of dangerous chemicals on inland waterways, as well as the maritime recommendations.

More from the maker at 20 Alfreton Road, Derby DE2 4AB (0332 41671).

● EXHIBITIONS

Focus on copying

PROBABLY no development of the past 20 years has so relieved office staff of the tedium of repeated document copying by manual processes as the copier with the facility to use ordinary stationery.

The National Office Reprographic Exhibition, which the Business Equipment Trade Association is organising at the Wembley Conference Centre from February 14 to 16, will focus attention on the latest plain paper copying equipment.

Agfa-Gevaert will be introducing to the business public its flash-fusing technology as adapted to ordinary office use. Facilitating double-sided document copying, the machine can be adjusted for handling any weight of paper from 60 grammes per square metre to 180 grammes intermixed, or left to adjust itself automatically for any specific weight between.

Canon will be presenting a desk-top plain paper machine offering A3 reduction to A4 as well as normal 1:1 copying, and Regma its first plain paper desk-top machine.

Interesting more and more companies, are the latest developments for the photographic making of offset-litho printer paper plates—Rotaprint will have a new machine and new plate material it can process which gives 5,000 copies easily.

Roneo Vickers will have a printer which can be loaded with 30 paper plates and programmed to produce any number of copies from each automatically, ejecting used masters in the process and cleaning the blanket.

More from BETA on 01-405 6233.

● HANDLING

Slips along under heavy loading

TWO BRITISH lubricants formulated to eliminate wear or seizure between metal surfaces "mating" under pressure are easing both the physical problems and the economics of drilling for oil in the North Sea.

Developments of Guardian Barrier Lubricants, both products are being used by Redpath Dorman Long (North Sea) to facilitate the loadout of oil-rig platform structures on to barges for towing to drilling sites.

Steel deck and/or jacket structures built by RDL North Sea at Methil Works, Buckhaven, Fife, Scotland, are transported to waiting barges on iron shoes—the loadout sledges—for jacking and winching along skid beams. Movement of the structures has been made considerably easier, and more economical, by the use in concert of Guardian Ferrogard P1, a concentrated paste for metal pre-treatment, and fluid grease Guardian Transgard FG.

The first is applied to the sliding surfaces of the loadout sledges.

A paste-like concentrate of lubricating solids, it offers almost 100 per cent. protection against pick-up and seizure, and gives optimum performance within a temperature range of —40 deg. C to +750 deg. C. The product is a complex concentration of low-friction, high load-carrying, non-melting lamellar solids dispersed in a fluid which rapidly establishes a protective barrier film on all metallic and non-metallic surfaces without rubbing in or surface pre-treatment.

The second material is specified to coat the surface of the skid beams and is a blend of specially selected solids, surface-active compounds and a semi-synthetic oil with an adhesion agent that has high polar affinity for metal surfaces. It provides instant protection against friction and high loading in the temperature range of —30 deg. C to +150 deg. C on all metal surfaces where the need is for a lubricant that has exceptional non-creep properties, is water-repellent, and anti-corrosive—even in the presence of salt water.

Guardian Barrier Lubricants, Guardian House, 92-94, Foxberry Road, London, E.C.4.

Hand controlled lifter

SAFE, ECONOMICAL lift and transfer of die sets, moulds, crates, drums and other awkward loads of up to 10 cwt. can be carried out by one man using the new Stanley Hydratruck, made in Britain for national and international distribution by Norman Stanley Mechanical Handling, of 48, Coldharbour Lane, Harpenden, Herts. (058-27 67711).

Capable of moving loads from ground level to any height up to 56 inches the hand controlled hydraulically operated Hydratruck is thought to be the only standard work transfer machine of its kind available.

Loads are moved on a 30 x 30 inches flat bed lifting platform mounted on an L-shaped arm which is moved backwards and forwards by means of a single hand-pumped hydraulic ram. This arrangement gives the Hydratruck its unique ability to project the lift platform up to 12 inches (300 mm.) forwards over the chassis during lift, thus facilitating ease of transfer, while maintaining maximum access to the load throughout handling operations.

Another facility which distinguishes it from other work transfer aids such as stackers and scissor lift tables, is its ability to tilt the lift platform up to 6 degrees backwards and 3 degrees forwards as a further aid to load manoeuvring. Lift, lower and tilt levers are all within easy reach of the operator.

● TRANSPORT

Volkswagen ignition move

TWO YEARS' development work between Volkswagen and Fairchild Camera and Instrument Company in California have culminated in a decision by the car giant that, from 1979, all its models will be fitted with hybrid electronic ignition units made by Fairchild.

This is believed to be the first use of a system of this type as standard in a European car.

The ignition units are based on a rugged linear integrated circuit and a high voltage Darlington power transistor. Fairchild developed the linear integrated circuit specifically for the work.

More from Fairchild U.K. on 01-775 1111.

● METALWORKING

Grinds big components

LATEST IN the SI range of internal grinders from WMW, the machine tool industry of the German Democratic Republic, is a heavy duty machine capable of handling components of 1,000 mm diameter and weighing up to 1,000 kg.

Internal grinding depth is 500 mm and maximum table stroke is 900 mm. Cylindrical and tapered plain and stepped bores with diameters from 80 to 900 mm, as well as short outside diameters and narrow end faces, may be machined using the internal grinding spindle. Internal and external faces are machined using a swivelling face grinding attachment, which can be hydraulically swung clear of the machine.

Main motor power is 11 kW, and for the face attachment 4 kW, providing four spindle speeds from 90 to 250 rpm. Feeds, traverses and speeds can be preselected and changed during machining, enabling internal, external and face grinding to be carried out in one operation. There are optional attachments for grinding raceways.

Marketing in the U.K. is by Erfurt Machinery, Dore Farm Industrial Estate, Orgreave Close, Sheffield S13 9NP (0742 697341).

● COMPUTING

Big machine price cuts

AMDAHL, which is a serious contender for big IBM machines, has reduced prices by about 9 per cent. for its 470V/6-11 and 470V/5 computers.

The company also reports that its 470V/5 computer will have a larger standard new 12-channel layout instead of eight-channel as hitherto.

Price of the 470V/6-11 now is \$3.2m. against \$3.5m. previously.

The new minimum configuration 470V/5 computer price is \$2.4m., or about 9 per cent. less than the previous eight channel 470V/5.

Amdahl says it expects the price reductions will be consistent with the "improving product cost trend" that is resulting from increased volumes and manufacturing cost efficiencies.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● COMPONENTS

Measures liquids

COURTAULDS produces vast quantities of chemicals each year for use in its own manufacturing plants and for sale to other companies involved in the plastics/textile business.

One such basic chemical, carbon disulphide, is an important ingredient in the production of rayon fibre and consequently is in great demand by the various textile plants within the Courtaulds group, as well as by other yarn factories.

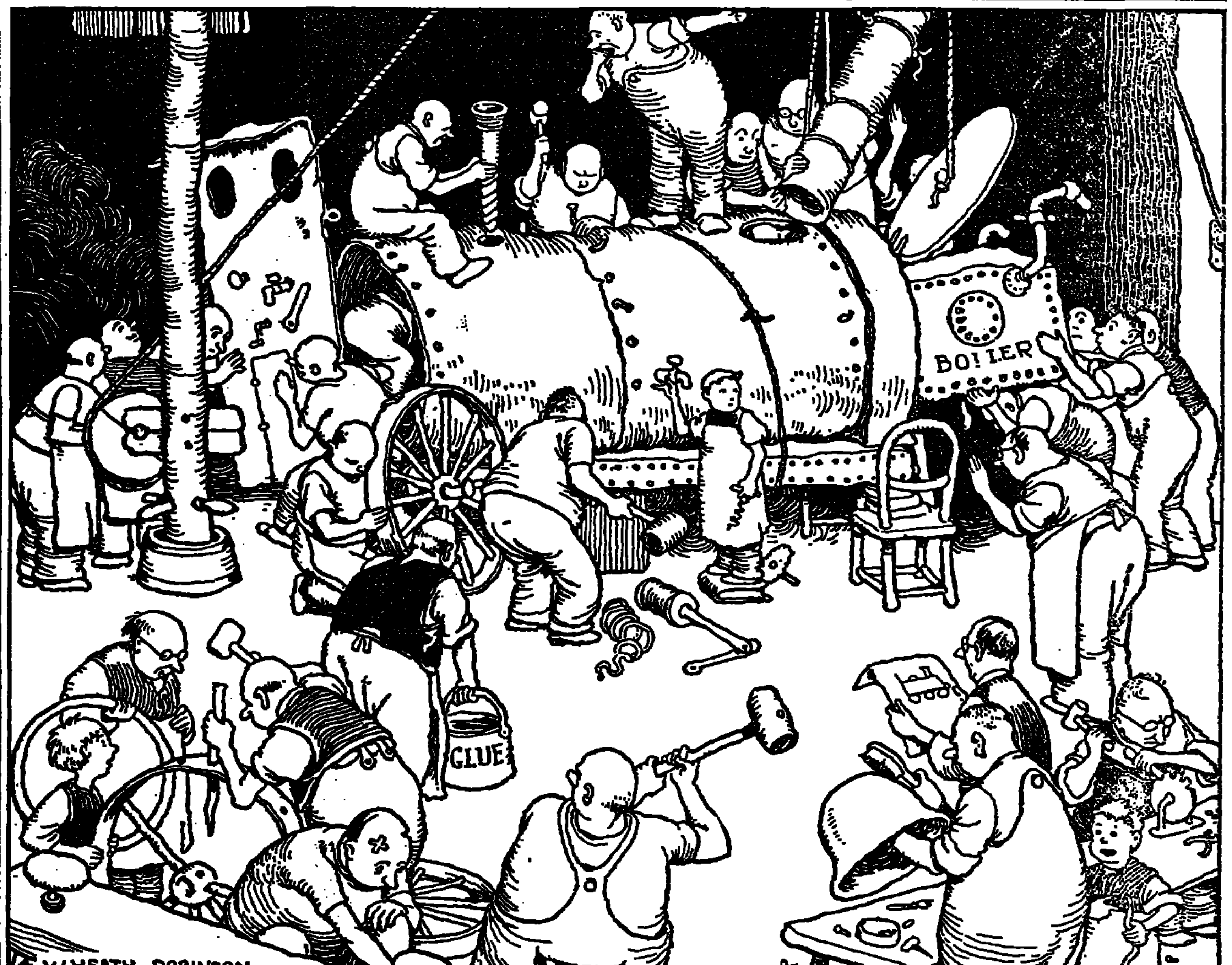
Carbon disulphide, although a "clean" chemical, is non-lubricating and attempts to accurately meter and batch control outgoing shipments from the Courtaulds Chemicals plant in Stretford, Manchester, with conventional meters have proved to be practically impossible because of the high wear rate and subsequent failure of the bearing surfaces in the meters themselves.

But a check had to be kept on the loading of the CS into delivery tankers prior to dispatch and Courtaulds chose a "Hoverflo" 2000, bearingless turbine unit in the hope that it would enable the previous problems to be overcome.

After several months' service, there have been no mechanical problems of any sort and the Hoverflo and associated models are giving excellent consistent accuracy to within 1.5 per cent. of the weighbridge.

This bearingless turbine type transmitter is particularly suitable for aggressive chemicals and contaminated liquids. A magnet is incorporated in the rotor assembly and is caused to rotate, with stability, by the line liquid.

B. Rhodes and Son, Danes Road, Crow Lane, Romford RM7 0HR. Romford 62323.



The Property Market

BY JOHN BRENNAN

Trafalgar signals lower yields

TO-DAY'S confirmation that Trafalgar House has sold three of its City offices for a total of £61m. gets the property investment market off to a spectacular start for the year.

Details of the sales will not be available until the group's annual meeting on January 26. But it seems probable that Trafalgar has initially sold its three fully occupied City blocks.

Billiter Building on Billiter Street, E.C.3, in the heart of the City's insurance area, is the largest of the three. The 164,000 square foot block—139,400 square feet net—was let in 1976 as the headquarters for insurance brokers Alexander Howden. Howden agreed a rent of £16 a square foot. But concessions by Trafalgar mean that the Billiter rent roll was only £1.1m. in the first 12 months, rising to £2.1m. in the second year and then to £2.2m. until the first full rent review, in March, 1981.

The other two blocks are the 37,993 square feet 120, Fenchurch Street, and the older 108,600 square feet Leadenhall House.

Trafalgar's chief remaining City offices are the 67,235 square feet Broad Street House, which is still partly unlet, and Bush Lane House. Bush Lane, the impressive, but still empty, steel lattice framed building on Cannon Street has a net 41,250 square feet of air conditioned space.

Trafalgar's decision, in 1974, to reverse its previous year's £70m. property valuation surplus means *that properties are still held in* its books at a 1970 valuation with additions at cost. All the main City offices are likely to account for around £40m. of the £73m. book valuation of investment properties. With £61m. already in hand from the sale of just three of the buildings, Trafalgar's chairman, Nigel Broackes, is likely to have cheerful words for shareholders at his annual meeting, particularly if the group's mass of unused tax allowances can be offset against the tax liability of the sale.

Nigel Broackes, Trafalgar House chairman: "We find that property development for long-term investment is not worthwhile for a public company, but we continue in *the business to create investments for resale."*

The City office sales follow last year's £9m. sale of a number of the group's smaller Central London offices, and the £11m. sale of half of its 1m. square foot industrial property development programme.

Mr. Broackes made clear his decision to move away from simple property investment more than two years ago. He has argued that it is no longer rational for a public company to compete with tax-exempt funds to hold long term investment properties. Trafalgar will continue selective developments, but only to create investments for sale.

One question raised by the sales is that, if Mr. Broackes has got his timing correct, have the buying institutions also got it right? If market talk of yields around and below 5 per cent are correct no one will doubt that Mr. Broackes has waited long and well for the "right time." A year ago he could not have sold buildings of this size for much over *half* these prices — *if* at all.

As for the institutions. They have a cash crisis in reverse. Too much money chasing too few prime properties can produce heady prices. But heady or not, the funds determine the market price, and these sales appear to give credence to some of the more optimistic views of prime property yields voiced in a disbelieving market last year.

In Brief . . .

SHORT LEASEHOLDS are back in fashion. On the residential front demand for short stay accommodation in Central London, has created an active market in house and flat leases with as little as a year's unexpired tenure. Short leaseholds that were virtually unsaleable nine months ago are in demand from operators able to fit out the space with rented furniture and fittings and take £200 to £1,000 a week rent from visiting overseas families. One early, and perforce, anonymous agent in this field reports net returns on such temporary lettings in Kensington, of over 500 per cent. last year.

There are also signs of renewed life in the far more sophisticated commercial short leasehold market. The beauty of this market is that it provides 100 per cent. finance for prospective occupiers taking over the tail-end of a commercial lease, while at the same time giving tax exempt funds a better than open market rate of return on their investment.

The fund buys a short leasehold from an outgoing tenant, thus paying the premium for the new tenant and also becoming a high covenant, intermediate buffer between that new tenant and his ultimate landlord, the freeholder.

The advantages to both tenant and landlord are clear. And an increasing number of, particularly retail tenants, are returning to tap the institutional finance now available to take up short leases.

For the investing funds' short leaseholds provide a relatively easy way into an increasingly competitive property investment market. And the funds are also able to gain a yield advantage over current gilt rates, even after allowing for a sinking fund to recoup the capital cost of the lease. The higher yield reflects the element of risk they accept in choosing the covenant of their tenant, and the fact that as gross funds rents are generally net of tax.

Gordon Stafford-Bloor, investment manager of the Manifold Trust until last spring, seems to have carved himself a sizeable niche in this market with £2m. *of deals completed* in the past 8 months. As the only specialist firm in the field, he has negotiated one of the largest of these short leasehold investments to date.

Mothercare's pension fund recently paid Collett Dickenson Pearce International £450,000 for the three year unexpired lease on offices in Howland Street, W.1. The offices had been sub-let to the advertising agency, *McCann Erikson, and* Mothercare's return on the deal rises to just under 13 per cent. before allowing for a 4 per cent. sinking fund.

Yields vary with the quality of tenant. But the return achieved by Mothercare shows just how attractive this market can be.

●

ONLY 139,000 square feet of City of London offices were taken from the letting market in *December*, according to the latest City Floorspace Survey from Richard Saunders and Partners. That cuts net space available to 2.81m. square feet at the year-end, with a further 2.98m. square feet in the City fringes. Only 838,000 square feet of the available City space is in units of 50,000 square feet or more, excluding the newly marketed 175,000 square feet Angel Court.

Behind the Pavilion bids

Victor Sandelson has stirred up a hornets' nest with his take-over bid for London Pavilion. But at £3.50 a share, £1.50 below to-day's market price, the stockbroker's offer now looks no more than the first open bid in an auction for the company which holds the leasehold of the key cinema site in Piccadilly Circus.

As reported first in the Financial Times on Tuesday, interest in the London Pavilion focuses on plans for a covered shopping centre and a multi-screen cinema development within the shell of the existing building.

Mr. Sandelson and the Electricity Supply Nominees, owner of the adjoining Trocadero site and an earlier, discreet bidder at £3.00 a share, clearly scented the development plans before the rest of the City. Now that the secret has been blown, even scant details of the proposals have been enough to send the shares from £1.40 to £5 in barely two weeks, an extreme reaction explained by the narrow market in the stock. Directors and their families control nearly 60 per cent. of Pavilion's 130,000 £1 shares.

Plans for the rebuilding have been arranged by Pavilion's property advisers, Edward Erdman and Co. Edward Erdman himself was for many years the personal property adviser to the late Prince Littler.

Erdman and the Pavilion management are understood to have drawn up a scheme for a two level, 22,000 square foot air-conditioned shopping area within the building. A three screen cinema would occupy the top floors.

The shops' location, and the quality of the planned development should mean that they would command the prestige small unit rents now being asked in comparable purpose built retail areas, such as Brent Walker's indoor "shopping village" in Woolworth's former Oxford Street store. Rents touching £100 a square foot would give the Pavilion a gross annual shop rent-roll of £1m. to £1.5m. Even discounting cinema income, the shops could give the site a freehold capital value of anything from £20m. to £30m.

It is, however, far too early to start congratulating Pavilion on its coup.

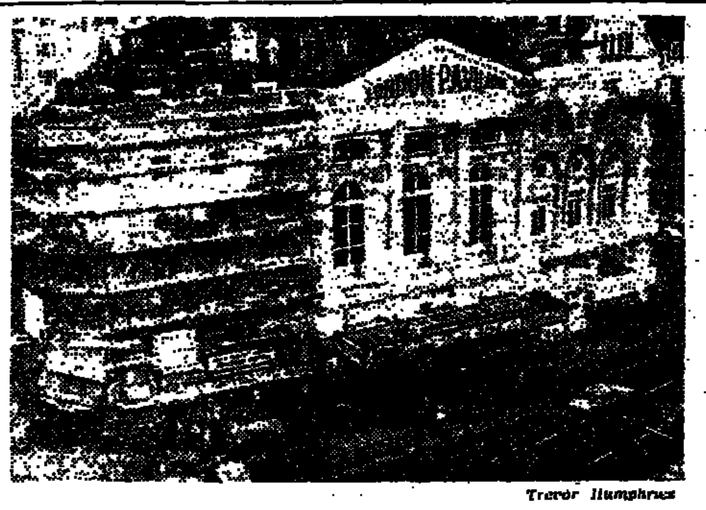
Negotiation with the Greater London Council is the first *hurdle to be overcome.* Apart from its planning role, the GLC is the cinema site's freeholder, and the GLC holds all the cards as Pavilion's lease expires in 1982. As the company has operated on the site for 80 years it is expected to be granted a much longer lease when details of the redevelopment are agreed. But the GLC is in a commanding position when it comes to negotiating ground rents.

The council is likely to take a very sizeable slice of the development cake through a participating ground rent, giving the GLC both a base rental and a share of future rent growth.

If Pavilion continues to rebuff bid approaches, another large slice of the development profit would have to go to a funding partner. Pavilion does not have the cash resources to carry out a £4m. to £5m. rebuilding job on its own.

Before anything happens on site Pavilion will have to convince Westminster Council as well as the GLC that its scheme is worth while. Until Tuesday it seems that at least Westminster's Labour councillors were unaware of the proposed rebuilding, and the idea seems likely to be discussed at the Council's meeting next Monday. That meeting will also see a Labour call to defer the Trust Houses Forte development on the Criterion Theatre block to the South of the Circus.

THF plans a 175,000 sq. foot office and shopping development, with a 500 foot covered shopping walk encircling the new building. That walk would upgrade the quality of shopping in the Circus, and so a successful Criterion development would have a considerable impact on the rents Pavilion could ask for its shops. One further Circus alteration that would have a marked impact on the profitability of the scheme is the proposal to re-route westbound traffic South of the Circus. Apart from creating a traffic-free area around Eros and in front of the Criterion, the re-routing of traffic behind the Pavilion could create another prime retail *frontage for* the block.



Trevor Humphries

Pavilion Theatre in Piccadilly, now a magnet for speculators.

INDUSTRIAL AND BUSINESS PROPERTY

هكذا من الأصل

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PROPERTY DEALS

A vote of confidence for Aberdeen

OIL COMPANIES, and firms in associated industries, have been giving the Aberdeen office market an impressive vote of confidence in recent months.

A number of the companies have been renegotiating leases, extending them to 30, and in some cases 50 years. This has helped calm fears that the first enthusiasm for North Sea oil would wear off and that an exodus of firms would leave Aberdeen over-officed. And, encouraged by the incomers' move to longer leases, Aberdeen Construction Group has decided to fund its own 300,000 square foot office development in the City.

The group is to develop its 10-acre site at Hill of Rubislaw, close to the City's west end and next to the main North-South Aberdeen Ring Road. The first phase of the scheme is a 60,000 square foot four-storey office block, which will be ready for occupation in the second half of 1979. Once a tenant is found, Aberdeen will carry on with the next stage, eventually creating the whole £8m., 300,000 square foot complex. The company is handling lettings itself, and expects rents around the £4 a square foot mark for air conditioned space.

Perhaps the construction group should get in touch with Leslie Lintott and Associates, who, acting for the oil group Occidental, want to lease 100,000 square feet of Aberdeen offices with parking for 200 cars. Occidental want to move in by 1980, which seems to fit Aberdeen's time scale rather well. Lintott claims a queue for the 50,000 square feet of offices Occidental will give up when it moves.

The asking rents fits in with a view of the Aberdeen market given by Edinburgh agents Kenneth Ryden and Partners in their annual review of Scottish property. Ryden estimates that there is now less than 40,000 square feet of modern space available in the City.

●

COURAGE, the brewers, have taken the 73,000 square feet first phase First St. Georges Investment Trust's Galleywall Trading Estate development at Galleywall Road, S.E.16. The brewers have taken 63,000 square feet of warehouse space, and 10,000 square feet of offices for use as a distribution depot. Weatherall Green and Smith acting jointly with Prevezer and Co., achieved £2.60 a square foot for the warehousing.

●

THE SCRAMBLE to get onto the industrial property development bandwaggon is spreading. The traditional specialist developers have already been forced to share their market with the industrial divisions of the major construction groups, and with a myriad of private development companies. Now the engineering group Babcock and Wilcox is getting in on the act. B and W's construction subsidiary, Hardstock, recently drew a little limelight by completing Scotland's one millionth new house since the war. It now plans to make use of its local authority connections to enter the crowded joint-venture industrial development field.

●

BIRMINGHAM agents Elliott Jones Martin, along with Alexander Stevens and Jones Lang Wootton have let a further 4,000 sq. foot half floor in London Life Association's 170,000 sq. foot "Centre City" block. Hambros Life Assurance has taken the space as its Midlands regional office, paying £2.25 a sq. foot. That leaves just 50,000 sq. foot of the air conditioned block to fill.

●

WEST END office rents may have broken new high ground with the letting of British Petroleum Pension Trust's rebuilt offices at 8 Chesterfield Hill, W.1. The 7,655 sq. foot building forms part of BP's Mayfair Estate and was completely rebuilt last year in the style of the two rather undistinguished Georgian houses that originally occupied the site. BP's agents, Debenham Tewson and Chinnocks, had been asking £100,000 a year for the airconditioned space—over £13 a sq. foot before making allowance for a flat at the top of the building. An unnamed British financial group, advised by Higgins Harron, has now taken the building on a 25-year lease with five yearly reviews. Neither agent is talking rents. But even allowing a generous 20 per cent. discount to the asking rent the office space would be producing just under £10.50 a sq. foot.

●

JACK DELLAL, the one time "Black Jack" of Dalton Barton and later of Keyser Ullmann fame, was a prominent figure at yesterday's auction of Pettits of Kensington's store. Jones Lang Wootton topped best estimates for the 12,715 square foot shop when they brought the hammer down at £1.525m. to unnamed investment clients of Michael Laurie and Partners.

The auction confirms the greatly renewed institutional interest in Kensington High Street retail space following Marks and Spencer's move into British Land's former Biba/Derry and Toms building.

The freehold corner shop has a 50 foot frontage on to the High Street and a 70 foot return frontage down Allen Street. Above the shop, there is a further 5,365 square foot of ancillary space. Was Mr. Dellal looking for a West End showroom or an investment? We shall await the shopfitters.

J.B.

APPOINTMENTS

Board posts for Shell executives

Mr. T. J. Gerald, group personnel co-ordinator and Mr. J. B. Henderson, marketing co-ordinator—oil, have been appointed directors of the SHELL INTERNATIONAL PETROLEUM COMPANY.

★

Mr. M. R. H. Smith has been appointed a director of BAKER PERKINS HOLDINGS. He will continue as a director of the operating subsidiary, Baker Perkins Ltd. and as manager of its biscuit machinery division.

★

Mr. John Day has been appointed a director of Lake and Elliot Jacks and Equipment and Mr. Peter Hughes, a director of Lake and Elliot Founders and Engineers, subsidiaries of LAKE AND ELLIOT. Both were previously general managers.

★

Mr. J. P. Wells has become director-general of the ASSOCIATION OF VEHICLE RECOVERY OPERATORS. Mr. F. F. R. Clarke has been appointed assistant director-general and Mr. L. K. Rayner, manager.

★

Mr. W. C. Herrmann (U.S.), president of Optic Electronic Corporation, has been appointed to the Board of UNITED SCIENTIFIC HOLDINGS following its acquisition of Optic.

★

Mr. John A. Stalker has been appointed a director of GLYNWED STEELS, a Glynwed Group company.

★

Mr. Denis Pearce has been appointed EEC market development manager and specialist director of ILLINOIS TOOL WORKS INC. He was general manager marketing for Fastex, the U.K.-based engineering components division.

★

Mr. John Surtees, Mr. Peter Prior, Mr. Richard Paine and Mr. Jeremy Barrett are to join the council of the INSTITUTE OF ADVANCED MOTORISTS. Miss Susanna Pulman has retired from the council but will continue as secretary of the Oxford Group.

★

Mr. E. A. M. Lee, a deputy director of WILLIAMS AND GLYN'S BANK is to take charge of the Holt's branches at Whitehall and Farnborough, in addition to his responsibility for Child and Co., on the retirement of Mr. G. P. Pirie-Gordon at the end of May.

★

Mr. A. J. Ellison and Mr. B. Etchells have been appointed to the Board of H. CLARKSON (HOME).

★

BARKER ELLIS SILVER COMPANY has made the following appointments to the Board: Mr. B. G. Lapworth, production; Mr. L. Brewer, export sales; Mr. M. A. Johnson U.K. sales; and Mr P. P. Hooper, finance and company secretary. The company is a member of the Pentos Engineering Group.

★

Mr. Roger Dobbing has been appointed sales director of PAGE BROTHERS (NORWICH), a member of the Harrison Group.

★

Mr. H. M. Mendelson has been appointed to the Board of the WELLCOME FOUNDATION as personnel director.

★

Mr. Francis Bennion has been appointed chairman of the STATUTE LAW SOCIETY in succession to Sir Desmond Heap.

★

Mr. Malcolm Platt has been appointed sales director of JOHN L. BRIERLEY, following the retirement of Mr. R. Train. Mr. D. E. Hadfield has been made production director.

★

Mr. D. Nicholson has been appointed group secretary of H. BRAMMER AND COMPANY.

★

Mr. J. Wood has been appointed a director and vice chairman of CELESTION INDUSTRIES and Mr. O. S. Prenn has also become vice chairman following its merger with Wood Bastow Holdings.

★

Mr. Brian Joyce, managing director of the Adams Foods Group is to become managing director of the IRISH DAIRY BOARD from February 14 in place of Mr. Joseph C. McGough.

★

Mr. John Lyle, chairman of TATE AND LYLE, is to become president after the annual meeting on March 15 and Earl Jellicoe, a non-executive director, will take over as chairman. At the same time Sir Ian Lyle, president, Mr. F. H. Tate, vice-chairman, and the Earl of Perth, who have all reached retirement age, will be leaving the Board.

HOME CONTRACTS

Whessoe awarded £5m.

WHESSOE HEAVY ENGINEERING has secured a contract worth about £5m. for the design, fabrication and construction of two 21,000 tonne capacity LNG storage tanks for the British Gas Corporation. Whessoe has recently completed two similar units at the Partington Facility, Cheshire, for British Gas and is in the final construction stages of a single unit at Avonmouth, Bristol.

★

M. E. BOILERS, Peterborough, has received an order for a coil boiler worth about £440,000 from C. A. Parsons and Co., part of the newly-formed Northern Engineering Industries Group. The boiler will provide steam for power generation, research and development requirements and turbine testing at Parson's Heaton Works, Newcastle upon Tyne.

★

ITT BUSINESS SYSTEMS has won an order from Phillips Petroleum Company Europe-Africa for data communications equipment worth about £150,000. The contract includes the first order in the U.K. for the new ITT 3805 programmable communications controller. One 3805 is to be installed at the Phillips' office in Stavanger, Norway, which is responsible for its North Sea Ekofisk operation. A second is to be located at Phillips' London office to serve as a front-end processor to the IBM 370/150 computer installed there. This computer will provide most of the data processing requirements for the company's operations in Europe and Africa. The order also includes an ITT 3802—the IBM 360/370 compatible terminal controller introduced earlier this year—and two ITT 3287 advanced visual display systems, which will be installed at the company's London office.

★

BTR-PERMALI RP, Gloucester, has won a £39,000 contract to produce GRP skateboard decks for Newporter, suppliers of skateboards and associated equipment, of Staines, Middlesex. Previously Newporter imported complete assembled skateboards from the U.S., but has recently turned over to U.K. production.

CLASSIFIED COMMERCIAL PROPERTY

The Management Page

EDITED BY CHRISTOPHER LORENZ

Arthur Smith looks at the prospects of a much publicised worker co-operative

Meriden faces a long hard ride

The heady days when the Meriden co-operative was born. Left to right: Bill Lapworth, divisional officer of the transport workers' union, who broke his connection with the co-operative some time ago; Dennis Johnson, who resigned as chairman of Meriden in September; and John Grattan, a shop steward and Board member.

NO-ONE at the Meriden Motor Cycle Co-operative, rescued from financial collapse by the Government just 12 months ago, is yet prepared to make bold claims about long-term prospects. The worker-directors admit there is still a long way to go before they can prove to a doubting world that they can operate a successful commercial enterprise able to raise finance other than from the Government.

But they point to the advances that have been made since last February, when a cash crisis halted production and forced the 600-strong workforce to volunteer to be laid off. GEC, given a central role in the rescue negotiated with the Government, has been told that the company can "stand on its own again." The £1m. credit facility provided by GEC to finance motor cycle stocks has been run down; senior executives seconded to the co-operative have also been withdrawn now that workers have recruited their own highly-paid management team.

But the pressure on the co-operative is not just to become commercially viable. Its formation, which followed a controversial 18-month sit-in by the workforce, was heralded as a major social experiment. The leading figure during that occupation, Mr. Dennis Johnson, believes the co-operative has now strayed from its original ideals. After steering Meriden through the difficult first three years, he resigned as chairman last September and left the factory where he had worked since he was a teenager.

Departure

He refused a management appointment with a small engineering firm, and spent five weeks unemployed before returning to his trade as a fitter with Jaguar in Coventry. His departure came a few weeks after he had appointed a new managing director, to complete the co-operative's team of five senior executives. The odd man out among the recruits is Mr. David Martin, the financial controller who comes from the accountants, Cooper, Lybrand; the rest were all former managers with Triumph and then NVT at Meriden. "I thought there was little I could contribute to the sort of organisation into which Meriden would develop."

At the time of his resignation Mr. Johnson blamed the pressure of the job, but a more important factor was the move towards what he described as "conventional management." "To me the idea of employing full-time executives at around £10,000 a year, plus a car, plus expenses is in total contradiction to what we were aiming for at Meriden."

Mr. Johnson believes that workers will become less involved in the big decisions as they may consider that the highly paid professionals will know better. Another fear is that a "them and us" mentality will again develop, that in the search for improved productivity Meriden may slip back towards the old system of foremen and supervisors, and workers may be stopped pay for "offences" such as being late for work.

"Meriden is supposed to be a social experiment and I believe members should be trusted and put on their honour. With 600 workers it is small enough to be run on an informal basis without conventional management and for people who are not pulling their weight to be identified."

The debate around these sorts of issue took place during the preparation of Meriden's case to Government for increased finance 12 months ago.

John Rosamund, chairman of the Meriden co-operative.

In the original appeal for State aid, in April, 1974, which led to a £4.2m. loan, the need for capable professional management was "fully accepted" by the co-operative. But there were those like Dennis Johnson who argued that such management could be promoted from within and thus achieve success. Evidence could be drawn from the secret accountants' report of December, 1975, commissioned by the Department of Industry from Price Waterhouse, which described the co-operative's management and financial control systems as "efficient and effective."

Against this were the arguments of those who said Meriden not only had to be efficient but had to be seen to be efficient. The appointment of professional managers would give the co-operative much more credibility in the outside world. There was also a feeling on the shop floor that professionals would put the operation on a sounder basis. The extent to which such emotions sprang from factors such as the traditional deference of the British working man, or jealousy at the way some workmates were progressing within the co-operative, are difficult to assess.

In the event, there was a considerable majority at Meriden in favour of calling in the professionals. But the debate about the purpose and organisation of the co-operative continues. Only a few weeks ago the Board called a mass meeting to answer criticisms from some members that Meriden was not operating as a true co-operative because directors were too secretive and the work force was not being consulted.

One of the leading critics is Mr. Bill Lapworth, Divisional Officer of the Transport and General Workers Union, whose energies during the occupation were crucial to the establishment of the co-operative. He maintains that the informal family spirit that was important to Meriden has been lost. "Whether it succeeds or fails, Meriden proves nothing about the merits or otherwise of a workers' co-operative," he says.

Mr. John Rosamund, the new chairman, who in a "back us or sack us" call won a vote of confidence, maintains that the criticism comes from a small minority and that the Board provides all the information possible.

Involvement

However, Mr. Rosamund, a welder by trade, concedes that communication is a problem and that ways of increasing the involvement of the work force are under consideration. He draws attention to the difficulty of involving everyone in decision-taking when certain information, the release of which could be commercially damaging, must remain confidential to the Board.

According to Mr. John Nelson, the managing director, it is the task of his team of five professionals to present the worker directors with the policy options. Those directors are then accountable to the membership of the co-operative and are subject to annual re-election.

An issue which has provoked heated debate within Meriden over recent weeks is the introduction of a self-financing bonus scheme. The first proposal for a three grade structure based on an elaborate job evaluation exercise was thrown out by a mass meeting.

However, approval has been gained for an alternative scheme from the directors under which some 250 workers, identified as skilled, will get upwards of around £4 a week more from the productivity bonus than the other 400 members of the co-operative. The bonus will be related to the achievement of output targets.

The introduction of differentials into the co-operative marks a fairly radical change, but the directors are careful to point out that all members will still enjoy the same basic wage of £58.80. Inevitably the first few weeks under the new system when the anomalies and jealousies are likely to emerge will prove a testing period.

The directors insist that though the bonus scheme is clearly an incentive to workers to raise output, the move was not made to counter any fall in motivation by the membership. Mr. Rosamund maintains that spirit within Meriden remains high and the idea of a co-operative holds a great attraction for newcomers.

The main problem, he says, is to recruit sufficient skilled workers now that co-operative wages have fallen out of line with prevailing Coventry rates. Many members have already been forced to request help in the form of family income supplement, according to Mr. Rosamund.

The target set by the co-operative is to raise output of its only product, the well tried Triumph Bonneville, from the present level of around 300 a week to 365 by August—and that with only a marginal increase in the labour force.

The directors express confidence that they can sell every bike they can make. The marketing of the machines, around 80 per cent. of which are exported, has only been a responsibility of the co-operative since last April when the rights were bought from NVT.

The changes which have been brought about at Meriden in the ensuing period are described by Mr. Bill Morgan, GEC's assistant managing director, as "pulling a workshop into a fullyfledged business." Before assuming the marketing rights the factory had been acting merely as a sub-contractor to NVT to produce a certain number of machines at a set price.

Now it handles the total operation, deciding not only the best markets but also the nature of the product to be offered and the price to be sought—a responsibility which makes members of the co-operative acutely aware of market forces.

GEC has certainly met its commitment to help make Meriden viable. Half a dozen senior executives—hand picked by Mr. Morgan who himself has spent an average of one day a week at the factory over the past ten months—have been made available.

Valuable

In addition to helping to establish a professional sales organisation and offering guidance on general management, the GEC men have been particularly valuable in improving product engineering and component supplies.

From the outset quality was identified as one of the strengths of the Bonneville machine. An analysis of the warranty claims was instituted to ascertain common faults. In addition, representatives from two of the major British police forces, regarded as discerning and influential purchasers, were invited to seminars to ventilate complaints.

The co-operative, supported by GEC engineers and research facilities, then set about correcting the technical problems, the most serious of which was agreed to be vibration. Now Meridan claims to be in the happy situation of being able to offer a much improved model; at a recent seminar the police officers declared themselves satisfied.

A value analysis has been conducted to ascertain how in-house manufacture of components can be improved and what alternative sources are available.

Looking to the longer term, it is clear that the co-operative must continue to seek ways of up-dating the quality and technology of the Bonneville while at the same time examining cost-saving options. Providing Meriden remains conscious of such factors, there is every reason to believe that the Bonneville can continue to hold and indeed improve its market position.

Talk about developing a completely new range of bikes over the next few years would appear fanciful. However, it should prove possible for Meriden to produce derivatives of the present model in order to cater for different markets and to increase sales. Informal contact has already been made with several universities to progress longer-term development work.

For the moment energies are concentrated on the motor cycle selling season, which opens shortly. Meriden is aiming to clear around 750 bikes from stock and to manufacture a further 14,900. Advance sales to the U.S. and Canada are reported to be good and it is hoped to expand markets in Western Europe, the Middle East, New Zealand and Africa.

The co-operative is looking to the higher levels of sales and output to generate the profit necessary to meet interest payments which fall due next year on the original £4.2m. state loan. The Government deferred payment for two years as part of the 1977 rescue deal.

The directors are conscious that meeting the interest is only the first hurdle. The company must also become sufficiently profitable to begin repayment of the principal from around 1980 and to raise money to finance future development.

The accounts to September 1977 are not yet available but seem certain to disclose a loss: following the rescue deal, the financial year was extended by six months and the accounting period will cover the months of uncertainty prior to the Government rescue, the six-week shutdown and strikes among component suppliers.

No one at Meriden is predicting that the way forward will be anything other than difficult but there is a determination to prove that the famous Triumph Motorcycle can have a long-term future. The directors are also conscious of the need to regain the enthusiasm of the membership nearly four years on from the establishment of one of the most publicised experiments in worker democracy.

'Multinationals pose threat to trade unions'

THE INCREASING size and power of multinational companies "poses a greater and greater threat to trades unions and Government," Mr. Moss Evans, general secretary designate of the Transport and General Workers Union, told a conference on European business strategy yesterday.

Mr. Evans said there had been deep concern in the British trade union movement over the continual growth in power of the multinationals. He added that this had been detrimental to the trade unions and to the labour force as a whole.

"This growth has tended to shift more and more the balance of power towards capital and against labour, except in so far as the trade unions can take counter measures on an international scale," Mr. Evans told the conference, which was organised by Management Counsellors International in Brussels.

"There are many examples of multinational managements attempting to impose personnel practices on overseas subsidiaries which are quite contrary to those of the country concerned. In Britain, in American-owned companies like Mars and IBM and some of the oil companies, there has been a quite deliberate atempt to discourage trade union organisation and build up paternal staff associations. The degree of anti-union paternalism in these companies is nowadays almost unknown in most major industrialised European countries.

"In the large multinationals it is difficult for us in the trade unions to get at top management. We can talk to top management in the U.K. but often big decisions are taken abroad. So in Fords, in 1977, we presented a well-documented, well-argued case to Ford U.K. to back up our wage claim. In it we made various points about investment levels in the U.K., but, of course, investment decisions are ultimately taken in Detroit."

Policy

Mr. Evans said the trades unions had a two-pronged policy with regard to the multinationals: the development of international trade union links, and the development of Government action at national level.

"It is clear that different international trade union bodies have a key role to play in the evolution of a strategy for control of the multinationals," Mr. Evans said. "Our view in the British trade unions is that it is essential to get some common international trade union strategy. And, of course, the British TUC, whose 11m. membership accounts for a fifth of the International Confederation of Free Trade Unions' membership and for a third of the European Confederation of Trade Unions' membership, has a vital leadership role to play in this respect."

Mr. Evans went on to outline the British trades unions policy on multinationals in the U.K. This includes a proposal for the setting-up of a foreign investment board which would "scrutinise and monitor" all the effects of inward and outward investment. This body would deal with the activities of all multinationals operating in the U.K., regardless of ownership.

British trade unions also wanted all large companies in the U.K. to make planning agreements—of a sort—with both the Government and the unions, setting out their corporate aims. In addition, it was hoped that a general set of guidelines for U.K. companies operating abroad would be laid down. These should be based on International Labour Organisation Conventions, Mr. Evans said.

Having laid into the multinationals in no uncertain terms, Mr. Evans did what appeared to be a complete about-turn and ended his speech on a highly conciliatory note.

"Of course to some people all multinationals are bad—somehow wicked—and ought to be broken up," he said. "That's not our approach. The trade unions have as much interest as anyone else in seeing a company expand, invest in new plant, open up subsidiaries and thereby expand its employment and profitability. We can't halt the growth of multinationals and we shouldn't want to.

"But I have argued that there are problems—special problems with multinationals—that require us to take action to regulate them."

Sue Cameron

Award for buyers

IF COMPANIES paid more attention to reducing their purchasing costs they could achieve savings equivalent to a major percentage increase in their level of sales. This was the message given by Mr. David Sheridan, purchasing director of Whitbreads, the brewing group, last week at the launch of a "Buyer of the Year" competition which carries with it a first prize of £1,000.

The Buyer of the Year competition is the second to be held since its inception last year. Instigated by the Ravensdown Group of Companies and co-sponsored by that company and the magazine, Modern Purchasing, it is open to anyone who performs a buying role in his or her company. As well as the cash prize a trophy is held by the winner for one year; the second prize is £350 and the third is £150.

A different format has been drawn up for the opening round in an attempt to attract an even wider range of entrant. Although satisfied with last year's response the organisers feel that many people may have been put off in thinking that the competition was too high-powered or intellectual. The later stages will, however, test competitors as thoroughly as last year.

Ravensdown, as co-sponsor, is itself a major buyer of materials, being a predominantly aluminium and steel stockholding company set up only five years ago, but now with an annual turnover of some £5m.

Entry forms for the competition are available from Ravensdown Metals, Rockware Avenue, Greenford, Middlesex, and from Modern Purchasing at 30 Old Burlington Street, London, W.1.

Nicholas Leslie

LOMBARD

Attention all sheepdogs

BY ANTHONY HARRIS

THERE is no doubt about it, the flock is getting restive. Wherever two or three investment men gather for a drink these days, someone seems bound to ask when the dollar is due to turn, and what it will take. These are the gentlemen who on their own admission tend to behave like sheep; and all the sheep are beginning to watch the others to be sure to be at the front when the stampede starts. The ones who missed the turn of the London market in 1975 seem particularly nervy.

Awkward

If the fortunes of the dollar and of Wall Street depended on the London investment community, in other words, one could lay heavy money that before too many months are past, both will take off like a rocket. The chartists would be writing learnedly about double bottoms and spike formations, and it would only be a matter of how many nail-biting days are to pass before the great event actually happens. Almost certainly any fall from now on would be lost in the subsequent recovery (it was child's play to buy the FT index at 200 on the way down, but quite impossible on the way back up), but all the same it is nice to get the timing fairly right. Investment managers who move too far ahead of the turn have to sit out some very awkward portfolio reviews, and that is a game for lions, not sheep.

The only fault in this picture of history repeating itself is that the mood in London will not dominate events in New York. Thanks to the stubborn doctrines of the TUC, private investors can only switch through the investment dollar pool, and institutions through the Euromarket. People who have been borrowing to take bear positions in the dollar have stretched the available credit lines to create a less favourable situation for those who want to borrow to become bulls of Wall Street. The London market may find it expensive to take a firm position ahead of a recovery in the dollar convincing enough to cause a panic among the bears. If it is simply a matter of market psychology, it is the psychology of other investors which will settle the timing of this zoologically confusing market.

However, it is not simply a matter of market psychology; the technical situation is itself unstable. Earlier this week I discussed the consequences of the U.S. habit of conducting monetary policy in purely domestic terms in accentuating the downswing. Virtually the Fed is committed to accommodating any drain of dollars into overseas central banks by making up the loss of U.S. bank reserves, until the banks themselves get queasy. This means financing the outflow as long as it continues.

Once the market turns, however, Fed policy will become destabilising the other way. As fast as people try to switch back into dollars, the Fed will feel bound to mop those dollars up. The result will be that the interest rate gap which has opened up between New York and other centres will not quickly be reversed when the flows reverse. Having financed the outflow, the Fed will encourage the repatriation.

What is true in New York is equally true in other centres, for the Fed is not the only central bank pursuing an almost exclusively domestic financial policy. The Bank of England might well be delighted to accommodate an outflow, and the Bundesbank would be almost better pleased, for both would find the task of domestic monetary management much easier in these circumstances. The combination of half-hearted floating, with large intervention, and exclusively domestic monetary policy, might have been designed to produce huge tidal flows of international capital; so the market is likely to behave rather as if British investment managers were setting the tone, even if their influence is no more than marginal.

Stampede

You may well think that the monetary authorities of the world will wake up sooner or later to the fact that the way in which they are running things at the moment is crazy, and will duly reform their ways. The fact is that the present monetary regime is not compatible with large interventions in the exchange markets; the laws of the copybook headings dictate that you can have a monetary policy or an exchange rate policy, but not both. The fact is, though, that there is a genuine dilemma: the business community likes stable exchange rates, but the financial community takes fright if monetary vigilance is relaxed. It is hard to maintain a consistent policy in the face of domestic protest. Since investment managers must live in the world as it is, not as it should be, the moral holds: the market is unstable. Stand by for the stampede—sooner or later.

AROUND BRITAIN: SKELMERSDALE

A talent to survive

By RHYS DAVID, Northern Correspondent

IT IS now a year since the second of two disasters hit Skelmersdale in Lancashire—the closure of Courtaulds weaving plant, hard on the heels of the earlier Thorn decision to shut its television tube factory—and perhaps to many people's surprise the town's dynamism has survived.

Skelmersdale has had a year out of the public eye, and although problems remain, including an unemployment level of more than 11 per cent., recovery from the loss of its two biggest industrial employers (accounting for more than 2,500 jobs, or 25 per cent. of total manufacturing employment) has begun.

A number of smaller concerns have moved in to take up the less large of the factories provided for rent, and existing employers in the town have also expanded their labour force. The Woodworking Co-operative started last year appears to have taken root and two other co-operatives are being launched. Just before Christmas, too, the town, one of the 1960 wave of new towns, made its first breakthrough on the office front. About 600 jobs, building up later possibly to 1,000 will be created in a new central customer service bureau which the Co-operative Bank is moving into a new office block in the town.

Morale high

Furthermore though Skelmersdale has been knocked, both by closures and by the media, morale in the town has remained high. The man in the pedestrians' streets (there being no streets where wheeled and pedestrian traffic are mixed together) is by and large very pleased to be away from Liverpool, source of around 75 per cent. of Skelmersdale's current 42,000 population, or so a recent survey suggests. There are individuals who for various reasons have moved back to Merseyside, but more than three quarters of those who have moved into the town pronounced themselves happy or very happy and 88 per cent. of those who arrived in 1976 thought it a good place to live.

Yet while Skelmersdale is evidently succeeding in providing people from an overcrowded urban area with a place in which they like to live, there is concern that the change in government new town policy last year could leave it in a kind of half-completed limbo, perhaps never properly able to play the role originally intended for it in the surrounding sub-region.

Like other new towns Skelmersdale was instructed last year by Mr. Peter Shore, Secretary for the Environment, to scale down its population target because of the reduced birthrate in the U.K. as a whole. In the case of Skelmersdale the target for induced growth will be 60,000 as opposed to 80,000 and its Development Corporation is furthermore being expected to complete the job of preparing the infrastructure within five years.

Yet, as Government Ministers have been told, there are problems over land availability in Skelmersdale which will make it difficult to achieve this and at the same time produce the right balance between industry and housing for successful further growth.

When the town was designed by Sir Hugh Wilson in 1964, the brief was to use only a compact area (to minimise encroachment on agricultural land) but to avoid high rise residential development. In effect this meant high housing densities; but earlier estates built on these lines have proved unpopular and lower densities have subsequently been used.

This, however, has put pressure on the space available for industrial development, while at the same time experience has shown that the number of jobs created per acre of industrial land in modern industry is much lower than had originally been hoped—around 30 against the estimated 50 some 15 years ago. There has also been the need to provide industry with sufficient space to increase the size of its operations at a later date alongside its existing premises.

With the Government declining to designate any further land as part of the new town there is only enough land available, according to the Development Corporation, to provide employment opportunities for a town of 50,000 people. In order to obtain further land the Corporation, or the local authorities, when they resume full control of the area in 1982, would be obliged to use normal planning procedures—a time-consuming process which could result in Skelmersdale missing out on projects. As Mr. Tim Bradbury, the Corporation's managing director points out, Skelmersdale, instead of playing a regional role as an employment centre for a wide area of West Lancashire could find itself continuing to export workers to neighbouring towns.

Disappointment

The reduced population target is itself regarded as a disappointment, making it difficult to attract the kind of services and facilities which the town needs to develop a character and self-sustaining vitality of its own. Development of town centre facilities has been slow with only one major department store moving into the concourse shopping area. The town will also be getting a smaller hospital than originally planned and is only slowly developing adult education and industrial training facilities. Yet it is the absence of facilities which can make it difficult for potential developers to persuade their key workers to move to new locations.

Against this, Skelmersdale can offer in the battle to attract industry its favourable geographical position, in the fold between two hilly ranges, and linked directly by its own motorway with the M6. It can also point, in spite of the failure of Courtaulds and Thorn, both of which were affected by external difficulties in the markets in which they were operating, to the success of a number of companies which have settled in the area, among them big names such as Dunlop, BOC and Alcan. Labour relations, too, have been generally good.

The lesson of relying on very big companies with all the attendant publicity their problems can bring has been learnt. Though Skelmersdale would like major concerns to replace Thorn and Courtaulds it is expecting most of the growth over the next few years to come from the expansion of the many small- and medium-sized companies on which the town's industrial base is now founded.

Norfolk Air safety nap

RACING

BY DARE WIGAN

The news from Kempton last night was that in the absence of severe frost, racing was certain, but the programme at Catterick has been abandoned.

There is an adage in racing circles—albeit an obvious one—that a short-priced winner is better than a loser at long odds.

Acting on this assumption, I have no hesitation in nominating Norfolk Air as the winner of Division II of the Middlesex Novices Hurdle.

This colt, by the 1969 Derby winner Blakeney, was bought out of John Dunlop's Arundel stable for a stiff price after two victories on the flat last season, including the valuable Doonside Cup at Ayr in September.

After an initial appearance over hurdles at Cheltenham on January 3, he trotted up at Warwick on Saturday.

The remainder of Kempton's programme is a punter's nightmare, with the exception of the Royal Mail Novices Handicap Hurdle in which Gentle Prince, who is likely to appreciate three miles after the shorter distances over which he has been running, is preferred to Sweeping Along.

David Morley, who trains upwards of 50 horses at Bury St. Edmunds, Suffolk, had been out of action for a month because of an obscure virus but the stable is now thought to be in the clear and has had a host of entries during the past few days.

One of Morley's last runners before the rot set in was Doo'cot Park, runner-up to the useful Mannyboy at Folkestone on December 20 and, before that, an easy winner from Pacify at Huntingdon at the end of November.

Doo'cot Park may be too good at the weights for Jimmy Miff, re-routed here after yesterday's abandoned meeting at Newton Abbot.

Morley, also has fair prospects of landing the Easter Hero Handicap Chase with Juilian Swift, whom he trains for his uncle-by-marriage, Sir William Pennington-Ramsden.

Baroncroft, successful in a handicap on the flat at Windsor at the end of July, has shown that he is able to jump eloquently and may win Div. I of the Middlesex Novices Hurdle.

KEMPTON

1.30—Baroncroft*
2.30—Doo'Cot Park
3.00—Gentle Prince**
3.30—Julian Swift
4.00—Norfolk Air***

Scots do well at Boat Show

THE SCOTTISH boat-building industry won business worth more than £1m. at the International Boat Show at Earl's Court. The final tally of orders is likely to be higher, as builders and chandlers follow up inquiries for leisure craft, equipment and sailing holidays.

Dealers turn out in force

SALEROOM

BY ANTONY THORNCROFT

LONDON DEALERS were out in force at Christie's furniture sale yesterday, presumably buying up stock depleted over the holiday period. The auction totalled £124,415, with a top price of £4,400 for a Queen Anne bureau cabinet which had been restored.

Other good prices were £4,000 for a late George III mahogany pedestal desk; £3,500 for another Queen Anne bureau cabinet; £3,400 for a pair of George IV Cary's terrestial and celestial globes; and £3,200 for a George II kneehole mahogany desk.

Bonhams held a European picture auction which totalled £51,245 with just 6 per cent. unsold. A portrait of a gentleman and his three sons by Herman van der Myn realised £1,500; a pair of views of ships by J. Wheldon of Hull sold for £1,200; and a cornfield near Littlehampton by John Hooper fetched £1,000.

A nightcap worn by Napoleon aboard the British warship Northumberland when on his way to exile in St. Helena is to be auctioned by Sotheby's next month in a sale at Monaco. The relic is about 14 inches long, of ivory silk with perpendicular parallel lines of brown stitching. It is frayed and worn at the headband.

The cap was presented by the Emperor to William Pyle, one of his military guards, as a gesture of thanks for his kind treatment. It is now being sold by Pyle's great-great-grandson.

In November 1976 Sotheby's sold at Monaco the jacket Napoleon wore at Waterloo. It was bought b ythe then Duke of Wellington for £22,600. The sale, expected to make about £500,000, contains several pieces of French royal furniture.

Sotheby's in Belgravia was disposing of European glass and ceramics for £76,333, with just 2.7 per cent. unsold. A pair of large Vienna plaques, painted by A. Jager, sold for £3,700 to the Persian Shop, and a large pair of ormolu-mounted Dresden vases made £3,300. Kuros bought a pair of late 19th-century Sevres vases for £2,300, and a Berlin plaque showing a young lady sold for £2,100 to a Japanese dealer.

At Christie's South Kensington dolls and toys totalled £29,386. A bisque-headed bebe doll by Bru, the famous French maker, went for £2,000, and another Bru doll, but with a cracked face, sold for £1,200. A wooden dolls' house made about 1880 was bought for £1,050. At Robson Lowe a pair of George V "Seahorse stamps," auctioned on behalf of the Stubbs appeal at the Tate Gallery, sold for £2,800 while a single "Seahorse" stamp made £1,300.

At its main saleroom in Bond Street Sotheby's sold contemporary prints for £41,661. As usual David Hockney was in demand, Page, a London dealer, paying £4,000 for the set of 16 etchings to "The Rake's Progress."

A lithograph by Rauschenberg, "Sky Garden," went for £1,800, and another Hockney etching "My Bonnie Lies Over the Ocean," made £900.

TV/Radio

BBC 1

† Indicates programme in black and white.

9.30 a.m. For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Mr. Benn. 2.05 For Schools, Colleges. 3.20 Trem. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 a.m.). 4.20 It's the Wolf. 4.25 Jackanory. 4.40 Clangers. 4.55 Crackerjack. 5.35 Fred Basset.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Sportswide.
7.00 The Pink Panther Show.
†7.20 Sherlock Holmes Investigates: "Dressed To Kill," starring Basil Rathbone.
8.30 Porridge.
9.00 News.
9.25 Gangsters.
10.20 To-night (London and South-East only).
10.50 Regional News.
10.51 The Late Film: "The Tiger Makes Out," starring Eli Wallach.

All Regions as BBC 1 except at the following times:—

Wales—11.05-11.25 a.m. For Schools. 1.45-2.00 p.m. Sioncyn Sboncyn. 5.55-6.20 Wales To-day. 7.20 Heddiw. 7.45 Tom and Jerry. 8.00-8.30 Sykes. 10.20 Kane on Friday. 10.50 News for Wales. †10.51-11.59 Sherlock Holmes Investigates: "Dressed To Kill," starring Basil Rathbone.

Scotland—10.23-10.45 a.m. and 11.05-11.25 For Schools. 5.55-6.20 p.m. Reporting Scotland. 8.30-9.00 Current Account. 10.20 Spectrum: Transformation. 10.50-10.51 News for Scotland.

Northern Ireland—10.23-10.45 a.m. For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.20 John O'Conor plays Prokofiev and Chopin. 10.50-10.51 News for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth). 10.20-10.50 East (Norwich) On Camera; Midlands (Birmingham) The Garden Game; North (Leeds) York; North-East (Newcastle) Enterprise North; North-West (Manchester) Sit Thi' Deawn; South (Southampton) Are We All Right, Jack?; South-West (Plymouth) Peninsula; West (Bristol) Public Lift.

BBC 2

11.00 a.m. Play School.
7.00 p.m. News on 2 Headlines.
7.05 Discovering Patchwork.
7.30 Newsday.
8.10 Kilvert's Diary.
8.25 The Money Programme: Pay in the Pits.
9.00 Pot Black '78.
9.30 Programme Trail—the Mayor of Casterbridge.
9.40 Horizon.
10.35 Benoni and Rosa, part 6.
11.25 Late News on 2.
11.30 Closedown: David Markham reads "The Aliens" by Herbert Williams.

LONDON

9.30 a.m. Schools Programmes. 12.00 A Handful of Songs. 12.10 p.m. Stepping Stones. 12.30 Cuckoo in the Nest. 1.00 News plus FT Index. 1.20 Help! 1.30 Money-Go-Round. 1.55 Beryl's Lot. 2.25 Friday Matinee: "The Scarlet Pimpernel," starring Leslie Howard, Merle Oberon and Raymond Massey. 4.15 A Place to Hide. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Comedy Hour: Mind Your Language.
7.30 Maggie and Her.
8.00 General Hospital.
9.00 The Professionals.
10.00 News.
10.30 Police 5.
10.40 An Audience with Jasper Carrott.
11.10 Baretta.
12.05 a.m. David Niven's World.
12.35 Close: Karin Fernald reads a poem about Christianity.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.25 Friday Film Matinee: "Lets Switch." 3.50 Out of Town. 5.15 Happy Days. 6.00 About Anglia. 10.30 Probe. 11.00 Friday Late Film: "Crosscurrent." 12.45 a.m. Men Who Matter.

ATV

1.20 p.m. ATV Newsdesk. 1.55 Indoor League. 2.25 The Sullivans. 3.25 Beryl's Lot. 3.50 Stars on Ice. 5.15 Wish You Were Here . . . ? 6.00 ATV Today. 10.30 Big Film Premiere: "Macho Callahan," starring David Janssen.

BORDER

†1.20 p.m. Border News. †1.55 Film Matinee: "Notorious," starring Cary Grant and Ingrid Bergman. 3.50 Beryl's Lot. 5.15 Happy Days. 6.00 Lookaround Friday. 10.30 Border Parliament Report. 11.00 Late Film: "Ben." †12.40 a.m. Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 1.55 Cartoontime. 2.00 Upstairs, Downstairs. 3.00 The New Avengers. 4.00 Cartoontime. 6.00 Report at Six. 10.28 Channel Late News. 10.35 Late With Danton. 10.50 Late Night Movie: "The Bliss of Mrs. Blossom." 12.25 a.m. News and Weather in French.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 1.55 Indoor League. †2.25 Friday Matinee: "Checkpoint," starring Anthony Steel. 3.50 Beryl's Lots. 6.00 Grampian Today. 7.30 Welcome to the Ceilidh. 10.30 Reflections, followed by road and ski report. †10.35 Friday Film: "The Four Feathers," starring John Clements, Ralph Richardson and C. Aubrey Smith.

GRANADA

1.20 p.m. This Is Your Right. 1.55 Friday Matinee: "The Assassination Bureau," starring Oliver Reed and Diana Rigg. 3.50 Beryl's Lot. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Kick Off. 10.30 Reports Extra. †11.00 Great Films of the Century: "Rebecca," starring Laurence Olivier and Joan Fontaine.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 1.30 Indoor League. 2.00 Women Only. †2.25 "Hide and Seek" starring Ian Carmichael. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 Report Extra. †11.05 The Friday Film: "Back Room Boy" starring Arthur Askey and Moore Marriott.

HTV/Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.15-4.45 Camau Cantamil. 6.00-6.15 Y Dydd. 7.30-8.00 Showcase. 10.35-11.05 Outlook on Agriculture.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. News and Road Report. 1.55 Betty Boop. [illegible] Friday Film Matinee: "Lydia" starring Merle Oberon. 3.50 Beryl's Lot. 5.15 Professor Kitzel. 5.20 Crossroads. 6.00 Scotland To-day. 6.30 Phyllis. 10.30 Ways and Means. 11.00 Futures. 11.35 Late Call. 11.40 Baretta.

SOUTHERN

1.20 p.m. Southern News. 1.30 Indoor League. 2.00 Women Only. 2.25 Friday Matinee: [illegible] 5.10 [illegible] Weekend. 5.20 Crossroads. 6.00 Day By Day [illegible] 10.30 [illegible] Southern News Extra. [illegible]

TYNE TEES

9.20 a.m. The Good Word, followed by North East News Headlines. 1.20 p.m. North East News and Lookaround. 1.55 Wish You Were Here? †2.25 Friday Film Matinee: "The Night of the Full Moon," starring Dermot Walsh. [illegible] Beryl's Lot. [illegible] Northern Life. 10.30 Sportstime. 11.05 The Friday Film: "Scream of the Wolf." 12.25 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 1.55 Friday Matinee: "Edward My Son," starring Spencer Tracy and Deborah Kerr. 3.50 Beryl's Lot. 4.13 Ulster News Headlines. 5.15 The Brady Bunch. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. [illegible] A Drop in Your Hand. 10.30 Two at 10.30. 10.35 Sportscast. [illegible] Friday Matinee: "Delancy Street."

WESTWARD

[illegible] Westward News Headlines. 1.55 [illegible] Cartoontime. [illegible] Upstairs, Downstairs. [illegible] The New Avengers. [illegible] Westward Diary and Sports Desk. [illegible] Westward Late News. 10.35 [illegible] Late Night Movie: "The Bliss of Mrs. Blossom." 12.25 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 1.55 [illegible] Friday Film Matinee: "Lydia," starring Merle Oberon. [illegible] Calendar Sport. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Great Films of the Century: "Rebecca," starring Laurence Olivier and Joan Fontaine.

RADIO 1 247m

(S) Stereophonic broadcast.

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Kid Jensen. 4.31 Dave Lee Travis including 5.30 Newsbeat. 7.00 Joe Loss and his Orchestra (joins Radio 2). 10.02 John Peel (S). 12.00-12.05 a.m. As Radio 2.

VHF Radios 1 and 2—6.00 a.m. With Radio 2, including 1.55 p.m. Good Listening. 10.02 With Radio 1. 12.00-12.05 a.m. With Radio 2.

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible] Morning Concert (S) (VHF only). 9.00 News (VHF only). 9.05 This Week's Composer: Franck (S) (VHF only). 9.50 BBC Concert Orchestra (S). 10.50 Chamber Music (S). 12.05 p.m. Midday Concert, part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 Midday Concert, part 2 (S). 2.00 Anthony Goldstone: piano recital, part 1 (S). 2.50 Interval Reading. 2.55 Anthony Goldstone, part 2. 3.55 Schumann and Britten, choral concert (S). 4.45 The Young Idea (S). 5.45 Homeward Bound. 6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines: Leisure and Recreation. [illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,572

ACROSS

1 Succeed in chase (4, 5)
6 Turnover in coats (5)
9 It isn't commonly a black mark (5)
10 Leading churchman cooling the hotheads (9)
11 Quite obscure golf shot with snooker ball (5, 5)
12 King born in such a joint (4)
14 Hurler makes Scots leader put off departure (7)
15 Time for settling without men (4, 3)
17 I am backing award to wanderer (7)
19 Breathe in fashionable part of church (7)
20 Previously willing to go to church (4)
22 Recently devised like fresh dog's-tooth that was in front (3-7)
25 Uncomplicated heavyweight is a fool (9)
26 Animal from eastern country (5)
27 Inquiry into how public relations leaders got New Year Honour (5)
28 Colourful ambition of athletic Student Prince (5, 4)

DOWN

1 Upset when given the chop (3, 2)
2 It's most important for mother at home to object (4, 5)
3 Fool about to take Billy's part (3, 3, 4)
4 Acrobat seen in glass (7)
5 Fundamental right to notice one American state (7)
6 Noble though surprised exclamation (4)
7 Develop additional wear (3, 2)
8 Enormous sort of chap is easy to read (5, 4)
13 Newspaper boss is willing to alarm inventors (6, 4)
14 Gathers writ has expired (7, 2)
16 Routine passage making room for military exercises (5, 4)
18 Negotiator buying a round of drinks (7)
19 Early days seen in imagination (7)
21 Turned up no carving with relief (5)
23 Keep out of way of city in Kansas (5)
24 Said severe cold was due to chimney (4)

SOLUTION TO PUZZLE No. 3,571

Across: STRUCK ON, ADRIFT; LONE WOLF, SCREEN; LOAF SUGAR, BATON; SHED, GLISTER; ANAGRAM, RAFT; ASDIC, SQUARE ONE; ODIOUS, MISSOTIS; NEGATE, NEW WORLD

هكذا من الأجل

Cinema

Quiet pleasures of the past

by GEOFF BROWN

One on One (A)
General release from Sunday
The Glenn Miller Story (A)
Plaza 4 (from next week)
New Films from Sweden
National Film Theatre

There's only one new commercial release this week, suitably entitled *One on One*. In more hectic times the film might receive short shrift, for it hardly insists on attention. The director, Lamont Johnson, generally makes the kind of film that critics pass by in their desperate search for novelties and masterpieces: in a recent *Film Comment* interview he categorised himself as "a B-movie director in many respects," making "small, well-crafted, absorbing movies, that don't cost a lot of money and don't have big stars." Certainly *One on One* doesn't: its stars are Robby Benson, Annette O'Toole and G. D. Spradlin. And its subject matter (University basketball) hardly invites elaborate investigation. The film was nevertheless one of last year's sleepers in America, though one doubts whether it will be able to duplicate its quiet success here: British cinemagoers have always been very chary about any film centred on American sports (though a film about skateboarding would prove a profitable exception).

The young, small greenhorn hero (played a little too winsomely by Robby Benson, who also wrote the script with his father Jerry Segal) wins an athletic scholarship to "Western University," where everything is laid out on a plate. He is even given a token job (switching the sports field sprinklers on and off) to improve his finances. But he still lands into many difficulties. Academic study seems a new world to him (due to inadequate scripting it also seems a new world to his tutors), all the other basketball players seem several feet taller and the coach (G. D. Spradlin) tries everything to get the scholarship rescinded. However, under the friendly care of tutor Annette O'Toole he proves his mettle and discovers—in the gruesome words of the distributor's synopsis—"that there is more to life than basketball." Certainly there seems nothing exceptional here: with a few alterations the hero's part could have been played by Mickey Rooney or the slim Jack Oakie of the early thirties, when things collegiate were all the rage. And yet there's more truth in *One on One* than may appear at first glance: two universities actually refused to allow location filming because the barbs thrown at college sports were aimed too well for comfort (Colorado State finally provided hospitality).

But what ultimately tips the balance in the film's favour is Lamont Johnson's astute handling of the material. As with Robert Wise's *Audrey Rose*, *One on One* offers strong proof how rewarding old-fashioned craftsmanship can be, with scenes neatly rounded off and all stylistic excess trimmed (excepting the very last shots, with a netted basketball framed by the sun's golden halo). Johnson has had vast experience directing for television, though he shows hardly a trace of the zoom-happy shooting style most directors adopt; perhaps this is because he began as long ago as 1955 after a motley career as radio actor (*Charlie White All-American Test Pilot*) and stage director (Gertrude Stein's *Yes Is For a Very Young Man*). In the 1970s he finally worked his way up to prestige television movies with a social conscience (*That Certain Summer*, dealing with homosexuality; *The Execution of Private Slovik*, a chilling treatment of a desertion case). He deserves attention.

★

Elsewhere, there's a new and welcome development at the Plaza cinema, just south of Piccadilly Circus, which has recently spawned several new auditoria. The latest, Plaza 4, is being advertised as "a new place to see old friends"—the old friends in question being past successes of Paramount, Universal and M-G-M now in distribution by the mammoth Cinema International Corporation and reissued in newly struck prints fresh from Hollywood. Time can do strange things to old friends, of course, though one can't imagine anyone being grievously disappointed in meeting up with some of the scheduled attractions, such as the Garbo *Anna Karenina* or Astaire and Garland singing their way through the Irving Berlin songbook in *Easter Parade*. Indeed, there's a special pleasure in seeing any mint-perfect print of a film from the major Hollywood studios on the big screen. Even the most minor M-G-M musical becomes a visual feast with the opulent sheen of its colour photography, the spick-and-span costumes, the heroine's rosy cheeks and dewy eyes. One also comes to appreciate the dream-like chromium style of Paramount's street sets, in which huge blue cars drive up and deposit Dean Martin plus girl, while pedestrians cluster on the litter-free sidewalks, trying to look busy. And it certainly makes better aesthetic and economic sense to reissue past successes than to limply remake them, which is the commercial cinema's newest and saddest craze.

The opening attraction (from next week) is *The Glenn Miller Story*, made by Universal-International in 1954. I'd call this an acquaintance rather than a friend, though it's certainly among the more dignified of Hollywood biopics. James Stewart is incapable of giving an insincere performance and manages to provide a decent portrayal of the popular bandleader, helped by the correct quiet demeanour and charm, those lensless glasses and some musical coaching from trombonist Joe Yukl, who plays on the soundtrack for him. The director is Anthony Mann, who at the same time was also directing Stewart in a series of splendid Westerns (*The Far Country*, *The Man from Laramie*). Miller's character, in fact, isn't all that removed from Mann's Western heroes: he is equally idealistic, obsessively searching for a distinctive "sound" for his band—something he stumbles upon when is forced to substitute a clarinettist for his lead trumpeter. There's romance of course — in the person of June Allyson, a lady of rather processed charms — and a final syrupy tragedy (Miller's wartime disappearance). But there's lots of music too: 12 orchestral numbers, five vocal numbers not forgetting appearances by luminaries such as Gene Krupa and Louis Armstrong. Other old friends in the line-up include *All's Quiet on the Western Front* and *High Society*; so far the selection of titles seems a little timid, but the scope and opportunities for Plaza 4 are pleasantly vast.

★

The National Film Theatre offers another of their regular dips into the new product of here, there and everywhere. The subject for treatment is now Sweden and during the following week one can savour the possible delights of eight films. Jan Troell is represented by *Bang!* (January 25, with a philandering would-be composer as its hero and Susan Hampshire among the cast as one of his catches). There's also a film from the scandal-loving Vilgot Sjoman (*Taboo*, no less, showing on January 27) and a dizzily preposterous item called *Egg! Egg? — A Hardboiled Story* (January 28) involving Max von Sydow as a horrid tycoon whose fortune was founded on "bottom scratchers." But the film shown to the Press was *Paradise Place* (January 23), a first feature as director for the actress Gunnel Lindblom, a familiar face from many Bergman films. Bergman in fact acted as producer here, though one can find little sign of any direct influence. True, there's much *angst* in the air, much lacerating analysis of personal relationships and their inadequacies, but these are general Swedish preoccupations which Bergman has simply carried to an extra fine art.

The action takes place at the holiday home of a large, tangled family. The *materfamilias* is Katha (Birgitta Valberg), who smiles wearily, dispensing lemonade, buns and good cheer to the warring horde of daughters, grandchildren, grandparents, mentally unbalanced acquaintances and boy friends. Characters gather for communal meals in the open air (Tony Forsberg's photography is quite radiant), wandering off in between for sad, frustrated arguments about the awfulness of people and things (the parent-child relationship comes in for particular attention). Despite some carefully felt moments (the scenes between Katha and her depressed friend Emma are notably well presented) the film offers something of an uphill journey for its audiences. The director seems unable to animate her concerns sufficiently, and allows too many points to be conveyed in set speeches and crudely engineered situations. It's well meaning and certainly pretty to look at, but the vital spark which could bring everything to life remains unkindled. A pity.

Eva von Hanno in 'Bang!'

Festival Hall

Mahler's Ninth

Twenty years ago, only the tiniest fraction of the musical population — musicians and amateurs alike — would have heard or played in Mahler's Ninth Symphony under more than one conductor. It is a sobering thought. Even implacable anti-Mahlerians now find it hard to evade his music, and devotees can amass as many accounts of most of it as of the Brandenburgs or the "Eroica." If Mahler's shade were disappointed by the decades of near-neglect, would he be happier with the current state of play

Many a conductor now feels under-exposed until "his" Mahler has been heard; and whatever his true degree of rapport with the composer, the wealth of available models supplies everything he could want to learn from. And when the night arrives, he is not offering a rare experience to his audience, not unless he is giving the Ninth its first hearing in Medicine Hat or Alma Ata: rather he submits another entry in the Mahler stakes, its form to be judged by familiar reference to the current leaders. Perhaps it is not quite true that there are no mysteries left in Mahler, but there is hardly room left for surprises: works so complex and so magisterially constructed resist personal experimentation. How, then, was Bernard Haitink's performance with the London Philharmonic last night so memorably powerful?

The last time I heard Haitink conduct the Ninth, a few years ago, it was just possible to complain that the final Adagio was too coolly calculated, and so an inadequate resolution for the earlier searchings and griefs. That was not true last night: the pulse of that noble threnody was as natural, and as broadly flexible, as if pure instinct guided it — which was certainly not the case. It was the same with the towering first movement, where to a jaundiced ear the crucial gear-changes, notoriously difficult, were managed with almost shockingly easy assurance. Not a seam showed, and the cumulative force of the music was immense.

The LPO rose heroically to the occasion, scrupulous string phrasing matched by outstanding brass ensemble, horns and trombones baying superbly at each other across the platform. It was not Haitink's Mahler, but simply Mahler, rendered articulate by self-effacing professional skill of a very high order — there were many passages one had hardly hoped to hear so decisively worked out. Haitink has long since found how best to display the pointed wit and savagery of the "scherzo" movements; and so the whole work emerged luminously. One won't willingly hear it again for a long time.

DAVID MURRAY

Elizabeth Hall

The Dellers

Some 30 years ago the counter-tenor voice was symbolised almost uniquely by Alfred Deller's singing of such songs as Purcell's "Music for a while." On Wednesday Mr. Deller's well-maintained artistry could be hailed anew in a programme which included that same song. He was partnered by his son Mark (the two counter-tenor voices are very distinct, but blend well) and accompanied by Robert Spencer, Harold Lester, and Jane Ryan on the lute, harpsichord, and bass viol.

But did anyone not already knowing the sung words make head or tail of them? Visitors from outside the immediate culture, noting the rapt reception given to an evening so lacking in customary baroque excitements, must have concluded that the English were indulging in one of their private, mysterious rituals like cricket. Lute solos by Dowland as played by Mr. Spencer, or Miss Ryan's apprehensive unfolding of some "divisions" by Christopher Simpson, hardly caught the music's fire.

The printed programme (this was a presentation by the Redcliffe Concerts of British Music) gave minimal help. It included three blank, unused pages but nothing by way of song-texts, historical notes or biographies, save in reference to two modern pieces. One of these, Christopher Brown's *The Harper of Chao*, on Chinese poems, essayed to accommodate the ensemble of two counter-tenors, harpsichord and viol. A certain uneasy sense of double pastiche—baroque sounds re-used, and tired oriental metaphors paraded in Western clothes—prevented me, perhaps unfairly, from responding to Mr. Brown's work with anything more than superficial pleasure.

A curious interloper in the programme (imposed, presumably, by the Redcliffe's own policy) was the String Quartet No. 3 by Ralph Wood, in which the Dartington Quartet made its sole appearance. Though it received an apparently cordial reception, I found it a boring, grey work, its three movements too dependent on repetitive, worrisome figures.

I liked best Alfred Deller's opening group of solo songs (to lute accompaniment) by Robert Johnson, when the familiarity of Shakespeare texts assured the communication of meaning. Seated by Mr. Spencer's side, showing a relaxed and affable manner, Mr. Deller sang with agility and expressiveness.

ARTHUR JACOBS

Theatre Upstairs

Says I, Says He

by B. A. YOUNG

Leonard Burt

Stephanie Fayerman and James Duggan

This able play by Ron Hutchinson concerns Protestant terrorists in Belfast, not the Catholics that we are generally shown: but it is a neutral play. Its theme is the elements of dishonesty and violence, common to both sides, which the civil disturbances have exacerbated to such an unmanageable degree. There is not a character in the play, which is acted by the whole cast with alarming conviction under David Leland's direction, who is trustworthy or faithful to anything but the mutilated principles that have grown up in to-day's atmosphere of hatred and destruction.

Sharp young Mick (Raymond Campbell) and fat, idle Pete (James Duggan) leave Belfast for the London labour market. Both are industrious thieves, but while Pete lives principally on the dole, Mick works up to a partnership in a small haulage firm until his associate sees him off when his dishonesty becomes too obvious. Congenitally mendacious, Mick says he has sold his share for £25,000, and naturally this good news is welcomed at home in Belfast, where both families have a toe in terrorist activities.

With Pete's vicious brother Jigger (Christopher Hancock) and Mick's Amazonian sister Bella (Stephanie Fayerman) involved in the fighting, and Mick's girl Maeve (Maggie Shevlin) a willing tool, the way is open for a welter of disloyalties that leads to a splendid night scene where Mick's true situation is revealed after the terrorists have been to great trouble to force his 25 grand out of him.

The early scenes in London are particularly well observed, written in the half-poetic style that comes naturally to Irish playwrights, adorned with ballads, and drenched in an unending stream of filth, both of thought and word, that seemed to me absolutely appalling. It was neither the thoughts nor the words that appalled me: they are presented with a notable, if perverse, artistry. It was the thought of creatures so little above the animals in their squalor and their savagery.

Mr. Hutchinson asks, I take it, not for our contempt but our pity. There must be little chance for people growing up in the deprivation and the viciousness of Belfast to-day to develop into rational beings. When the Irish themselves see so clearly what is wrong, and write so powerfully about it, why in Heaven's name can't they put it right?

Oxford Playhouse

What The Butler Saw

by MICHAEL COVENEY

"A combination of elegance and crudity is always ridiculous" wrote Joe Orton in his diary after reading Genet's *Querelle of Brest*. Orton revelled in the ridiculous, shocking an audience with delightfully phrased assaults on their moral sensibilities and prejudices. It is eight years since I first saw this wonderful farce, Orton's last, on a pre-London visit to Oxford's New Theatre. In 1975, Lindsay Anderson's Royal Court production confirmed the brilliant energy of a play which is now regularly produced throughout the country. Even this pedestrian production by Gordon McDougall does not tarnish the anarchic surprise of lines like "Boys cannot be put in the club. That's half their charm." Ronald Bryden labelled Orton "the Oscar Wilde of Welfare State gentility" and, as in Wilde, the smart lines both enrich and derive from a confidently maintained comic *milieu*.

The scene is a private clinic—dazzlingly white and neon-lit in Gerald Scarfe's otherwise ordinary design — where Dr. Prentice is interviewing a girl for a job. The interview balloons lunatically into an examination. The doors of the clinic are, before long, swinging open and shut in true farce tradition. Mrs. Prentice returns from the Station Hotel in a fur coat and camiknickers; a hotel page boy is fleeing the consequences of having interfered with a party of schoolgirls; and the bone-headed Sergeant Match comes tramping through to inquire after the missing parts of Sir Winston Churchill's statue which, it so happens, have been embedded in the interviewee's mother at the time of a fatal gas explosion.

So it goes on, a superb display of spiralling farce lugubriously observed by Dr. Rance, inspecting the clinic for the Government. Rance proposes incorporating the events in a best-selling work of fiction, but his observation of the quirky antics is as comically distorted as the attitudes of Prentice. With everyone flying around the stage in each other's clothing, the stage awash in an irresistible spray of sexual innuendo, he calmly remarks: "There are two sexes, Prentice. The unpalatable truth must be faced." Michael Barrington does not have the relaxed, befuddled authority of Valentine Dyall in the Anderson production, but he is certainly nearer the mark than was Ralph Richardson in 1969. What the playing lacks above all is a sense of unbridled relish, and while William Russell as Prentice copes well enough with the physical twists and turns, his treatment of the language is timid where it should be full-blooded.

The Euripidean finale, too, is sadly lacklustre, as Sergeant Match (a good, blockish performance by Michael Kemp) descends tentatively through the skyline in a leopard skin on a scene of bloody and chaotic confusion below. Pauline Yates is too young for Mrs. Prentice and, again, misses by a mile the outrageous swagger the text demands. The best performance is that of David Cann as the page boy, very funny in drag and quick on his toes throughout. When Rance summarises the plot so far, Mrs. Prentice declares: "I'd condemn it in the strongest terms if it were fiction." It is Orton's final masterstroke to build into the words of his characters the censoriousness their behaviour impishly invites. It is regrettable, though, that Orton does not, on this occasion, get the interpretative breeze he deserves.

Veronica Roberts and William Russell

Festival Hall/Radio 3

Charles Mackerras

With that knack of finding the interpretative key to so many diverse kinds of music which has made him just about the most versatile opera conductor of our day, Charles Mackerras on Wednesday led the BBC Symphony Orchestra in performances of Beethoven, Mozart and Schubert that each boasted a keen and judicious judgment of specific musical character. The opening 40-or-so minutes were spent, to our great good fortune, on the Overture and a suite of six movements from Beethoven's *Creatures of Prometheus* ballet music.

It was a little sad, though in concert circumstances it was probably wise, that we were not given all 16 numbers; but in what we had there was a feast of beautiful and beautifully scored numbers, of a lyrical, delicate, expansive manner of invention perhaps still undervalued by Beethovenians who only want their composer in earth-shaking mood. The playing was fresh, buoyant, alert, with, in the fifth piece, particularly clear and lively solos, from harp, flute, clarinet and bassoon in enchanting turn. And in the E flat finale, with the theme that was to generate both the Op. 35 piano variations and the *Eroica* last movement, there was a spring and a lightness that showed the conductor's exact sense of the ways in which ballet and symphony differ, and are related. (Please, dear Royal Ballet, bring back Ashton's lovely *Prometheus* ballet!)

The withdrawal of Janet Baker from the concert meant the removal of Haydn's *Scena di Berenice* and Beethoven's *Ah! perfido*, and the almost equally happy substitution of two Mozart concert arias. In "Bella mia fiamma" (K.528) and "Ch'io mi scordi di te?" (K.505) we could hear how the jewelled soprano of Margaret Price, recently a less frequent visitor to London than formerly, has grown in amplitude without sacrificing its very individual shine and focus—indeed, the sound seems now warmer, less fluted, less "instrumental" in the slightly disconcerting way that was its wont. For the second aria, with Imogen Cooper an immaculate player of the piano obbligato, Mr. Mackerras took the finale just a shade too comfortably, eliciting the singer's only less than cleanly poised phrase-ends of the evening.

Finally, Schubert's C minor Symphony, No. 4, was given a robust but also admirably tender reading, which (until some rather brutal cutting of the closing tonic-and-dominant) paid the young composer the necessary compliment of taking his moments of high tragedy with appreciative seriousness in addition to enjoying his abundance of A flat major lyrical felicity. When the sheen returns to the BBC strings, the orchestra's playing of the classics will become even more enjoyable.

MAX LOPPERT

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Mr. Sadat's next move

THE Middle East peace initiative may not have been killed *by the breakdown in the negotiations* between the Foreign Ministers of Egypt and Israel. Mr. Cyrus Vance, the U.S. Secretary of State, who participated at the short-lived first session of formal negotiations, has expressed belief that the peace process will continue. The Administration has cautioned against excessive alarm following President Anwar Sadat of Egypt's dramatic and sudden decision to recall his delegation from Jerusalem. There seems little doubt that both Egypt and Israel want a settlement, however differently they envisage its terms, and in principle would like the direct talks set in motion by Mr. Sadat's bold visit to Israel in November to be resumed. But it would be *wishful thinking to pretend that* the movement towards peace has not suffered a setback.

Mr. Kamel's return

The psychological barrier *broken down by Mr. Sadat's own* initiative has not been re-erected and the new parameters *of the Middle East conflict* created by it still exist despite the misgivings, opposition and *fury aroused in different parts* of the Arab world. A direct dialogue that has clarified differences between the two countries as well as in the Arab community of states has started. Yet the Egyptian leader's "quantum jump into the unknown" has achieved little more than this so far. The depressing fact is that, technically, the negotiations had not even reached the substantive stage when Mr. Mohammed Kamel, the Egyptian Foreign Minister, received his order to return home. The discussions foundered on the first three points of an agenda designed by the U.S. at the week-end as a framework for detailed negotiations.

Nevertheless, even at this early procedural point the talks *touched on the most sensitive* matter of substance—the question of the Palestinians. Egypt had *only reluctantly agreed to* attend the first session of the "political committee" after *having, under heavy U.S. per*suasion, agreed to drop its insistence on a reference to "*self-determination for the* Palestinians." Mr. Kamel's own public remarks in Jerusalem emphasising Egypt's commit*ment to this principle* were an unhelpful start. Even more tactless was the speech of Mr. Menahem *Begin, the Israeli* Premier, at a dinner on Tuesday night, in which he rejected the term.

Undoubtedly, Mr. Sadat has been disappointed and angered by Israel's response to his gesture in going to Jerusalem. In return for his commitment to peace he hoped for—but was unrealistic in expecting—an Israeli commitment to withdraw from the territories occupied in 1967 and to the principle of Palestinian self-determination. In pan-Arab terms Mr. Sadat went far towards accommodation with Israel by omitting any mention of the Palestinian Liberation Organisation's participation in negotiations or its "right" to establish an independent State. Implicitly he reneged on Egypt's pledge at the Arab summit conference at Rabat in 1974. In doing so Mr. Sadat created acute suspicion among moderate as well as militant Arab States, as well as the hope in Israel that he might be prepared for a bilateral settlement, leaving Syria, Jordan and the Palestinians to their own devices.

Palestinians

Mr. Sadat is astute, as well as impetuous, but his recent words and actions must have dashed any *false* optimism that he might be contemplating "selling out" other Arab interests. Clearly, he feels that he must negotiate a form of Palestinian self-expression going far beyond what Mr. Begin has been willing to offer so far. It remains to be seen whether his decision to recall the Egyptian delegation was a tactical move to bring more U.S. pressure on Israel, or an ultimatum on issues of principle. The answer to that question may be revealed in his speech to the Egyptian People's Assembly tomorrow when even an offer of his resignation cannot be ruled out. His address to the nation and his next *move* could be influenced crucially by Mr. Vance, who flies to Cairo for *talks with him to-day. It will* need a master-stroke of diplomacy on the Secretary of State's *part to put the peace initiative* back on the right course.

Spending and money

TEN DAYS ago the Bank of England announced a £800m. *issue of long-dated Government* stock. The announcement itself was not so surprising — the *Government broker needed* a new tap with which to control this end of the market — as *the fact that it was made on a* Monday instead of on the usual Friday. The market supposed, *as it was presumably intended* to suppose, that something unexpected had happened and drew its own conclusions the next day, when figures for the banking month to mid-December showed a more rapid growth in the eligible liabilities of the banking system than had been looked for. There is no precise correlation between this advance indicator and the actual movement of sterling M3, the most common measure of money supply: but it looked as if the annual rate of growth of the latter so far in the financial year might turn out to be still some way outside the top end of the 9-13 per cent. official target range.

This was disappointing, since it was hoped that large sales of gilt-edged stock would have brought the growth of M3 back into line. The market, which was upset in any case by the *rise in U.S. interest rates, fell* back. It was widely assumed that the Government's borrow*ing requirement must* have been pushed up during the month, perhaps as a result of the cuts *in income tax coming into* operation.

$13\frac{1}{4}$ per cent.

It soon turned out, however, that there had been no sudden rise in the borrowing requirement, which continued to run well below the original forecast. The full banking and money figures published yesterday, in fact, show that the Government's accounts had not yet been affected in this period by *the income tax cut* and that the public borrowing requirement as a whole was still outmatched *by sales of stock (including* calls on previous issues) to the general public. Yet the annual *rate of increase in sterling M3* remained at about $13\frac{1}{4}$ per cent., only slightly down on the figure for the previous month and still above the target range. Factors which may have contributed to *this result* were "*a continued* though reduced" inflow of foreign funds into the private *sector, difficulty in making* accurate seasonal corrections to the raw data, and the reinvest*ment in Treasury Bills of some* public funds previously in the inter-bank market.

*In retrospect, the announce*ment of the new long-dated stock in a dramatic rather than *a regulation manner looks* slightly odd: the growth of the money supply is almost if not *completely under control. On* the other hand, there are now only four months left in which *to bring the running figure for* the year down below 13 per cent., and there are various uncertainties (apart from external ones) to be faced in that period. The income tax cuts have yet to make themselves felt on revenue. Some increase in spending may take place as the end of the year approaches. And earlier sales of tax reserve certificates may affect the money supply, whether the holders present them in lieu of tax or borrow from the banks instead.

Consumption

Seasonal factors, and the difficulty of making adequate allowance for them, affect spending as well as the money supply. The preliminary estimate of consumer expenditure for the *final quarter of 1977 shows a* further rise of $\frac{1}{2}$ per cent. from the trough of the second *quarter*: the general trend is similar to that of retail sales, which account for less than half of consumer spending as a whole. But the fact that consumer expenditure is measured by the quarter conceals the remarkably sharp rise in retail sales which took place, if the seasonal corrections are accurate, in between November and December. This was no doubt partly due to tax rebates. Taken together with the in*crease in earnings and the* higher demand for consumer credit, however, it may be a *better pointer to this year's* experience than the consumption figures for the fourth *quarter of last year.*

Mr. Eric Varley's steel dilemma

BY ROY HODSON

MR. ERIC VARLEY, who has been on the losing side of several industrial arguments within the Cabinet — notably over the Chrysler rescue and the Drax B power station order — now finds himself at the centre of the British Steel crisis. Once again the basic *issue is whether industrial* efficiency and profitability should take precedence over the preservation of jobs.

As far back as September last year civil servants in the Department of Industry were pressing upon him *a series of options for* rescuing British Steel. Suggestions included a new *and faster closures programme* for old works still being kept open to provide jobs, a revised capital spending plan, and a possible financial reconstruction to relieve British Steel of its interest burden.

He has been resisting action for more than four months and does not now intend to make public before March a Government scheme *for re*shaping British Steel.

His political time-table tells him he has everything to gain by delay. Some of the heat from the present Parliamentary controversy about British Steel may disperse with time. More works closures might be agreed with local work forces thus removing from the Government the responsibility for locking the plant gates. If the spring Budget puts more money in people's *pockets, demand for steel* could rise quickly and sharply on a consumer boom. Finally, the longer the delay, the nearer a general election looms and the more likely it is that the Cabinet will go for a plan for steel which would look politically attractive (jobs saved) although probably economically unattractive to the British Steel Corporation.

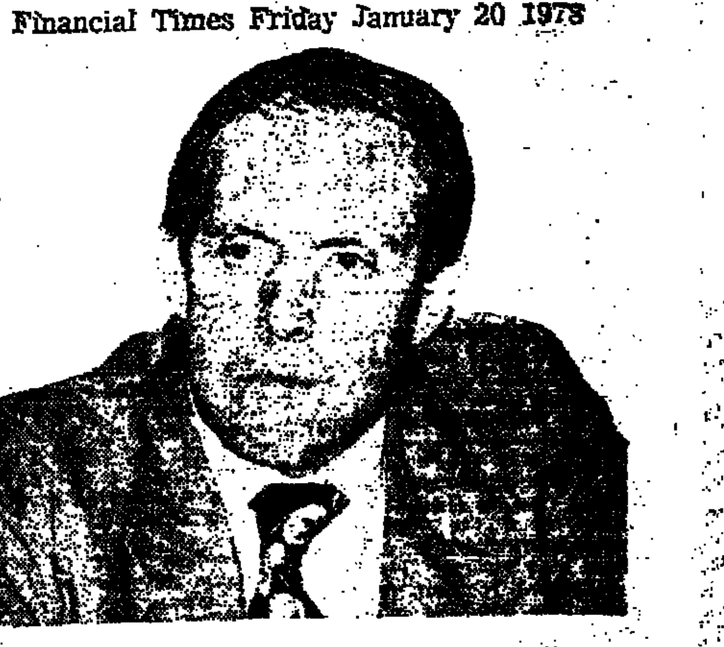
A fudged solution to British Steel's problems would be a certain recipe for an even *greater industrial disaster.*

Of the corporation's five big steelmaking complexes not one is running in the balanced and efficient way it was designed to do. Llanwern, South Wales, and Scunthorpe, Lincolnshire, are nearer that state of grace than are the others. But the committee reported that Llanwern was *still being "worked-up"* 25 years after being opened and that Scunthorpe, which has been modernised *in the last* 10 years, still does not have enough blast furnaces.

The other three complexes all suffer from being semi-complete. They are Port Talbot, South Wales, Ravenscraig, Scotland, and Redcar, Teesside.

The big five were planned *for a growth in sales volume* which the committee charitably observed is "unlikely." *The sales target for the works* includes several millions of tonnes of steel for export. Yet there is too much steelmaking capacity in the world. The U.S. and the European Community as well are setting a new fashion in defensive measures against unwanted steel from other countries.

British Steel will not be able to load its modern works properly until the old works being kept open to provide jobs are closed. Even then the new steel plants now being built will be too grandiose.



The Select Committee suggested cutting out two planned new *rolling mills* (for Teesside and South Wales) to save perhaps £500m. and dropping the £1.6bn. new integrated steelmaking project *designated as* the second stage of Redcar, Teesside.

That is the sort of surgery Mr. Varley must be prepared to adopt with all the consequent implications for regional investment and loss of tens of thousands of job *prospects.*

A bid to hitch labour-shedding to pay

By CHRISTIAN TYLER, Labour Editor

BRITISH STEEL has this week injected a new and some would say the first note of urgency into the handling of its latest financial crisis by hitching its plans for labour-shedding to the size of its employees' next pay rise.

What the Corporation said to the biggest union, the Iron and *Steel Trades Confederation* (ISTC), on Tuesday and to other unions as they come round is *that unless the unions give ad*vance consent to the early closure of the ten remaining "*Beswick*" *plants or parts of* plants, and of an unspecified number of other old high-cost *works, there will be no im*provement on the 6 per cent. (or £60m.) pay offer from the *BSC. For the unions, that com*mitment could mean signing away about 25,000 jobs out of *the total 206,000.*

Given the determination of Sir Charles Villiers, BSC chairman since September 1976, to extract every possible ounce of productivity from his union discussions, the demands were not surprising. Unfortunately for BSC, however, the proposed deal is not so simple.

First, there is the Govern*ment's incomes policy to con*sider, which sets a limit of 10 per cent. on earnings increases. Other public sector workers have settled at or slightly over the limit; the steelworkers, in spite of BSC's crisis, expect to do the same—though for reasons that are not as transparent as they might seem.

Secondly, the forum for redundancy discussions so far has been the TUC Steel Industry Committee rather than meetings with individual unions. ISTC rejected BSC's main proposition—while accepting a string of others — for that reason. In other words, it rejected an attempt to pick the unions off individually.

Thirdly, there is the public ambivalence of the Department of Industry. Mr. Bill Sirs, general secretary of the ISTC and chairman of the TUC committee, believes the Government cannot afford—if only for electoral reasons—to preside over the dismantling of an industry which, he thinks, may then find itself unable to cope with the upturn whenever it comes.

Mr. Sirs is going to Mr. Eric *Varley, Industry Secretary,* to make that point and to warn him that there could be real *trouble on the shop-floor if the* Government tried to use BSC pay settlements as a means to *hold down the national average* to its 10 per cent. target for the increase of earnings. To what *extent the 6 per cent. offer is* the Government's idea, and to what extent BSC's is not known, but the offer has already set back union co-operation in the early closure of the least viable plants. Only recently did the TUC committee consent to local talks at the most run-down plants, a *decision* that quickly resulted in closures at Hartlepool and compensation for 1,640 workers. East Moors, at Cardiff, was to have been next; but some of the unions have dug their heels in again because of the pay deadlock.

Early closure of the remaining Beswick plants would still only scratch the surface of the problem, according to BSC. It might remove 10,000 jobs and bring a saving of £100m. a year. The real saving, it argues, would come from switching orders from other high-cost *plants and closing them, or* at least the iron and steelmaking parts of them, from raising pro*ductivity and reducing manning* at the viable plants; and from running its big low-cost works at *international* manning levels.

This strategy involves negotiating pay for those who remain, compensation for those who go, and the removal of fiercely guarded demarcation lines. It means a controlled run-down of manpower in accordance with local needs, not a mad scramble for handouts, and it means—certainly for the present chairman—union participation in the running of the industry. These, the industrial relations issues, lie at the heart of BSC's reaction to the crisis—not the constitutional fervour of the Select Committee of the Commons.

The reference point for the present round of negotiations is the agreement signed in the small hours of January 23 1976 after protracted confrontation between the unions and the then BSC chairman, Sir Monty Finniston. Sir Monty had opened the bidding by declaring that 44,000 jobs should go — *a figure that may not be far* from present BSC thinking — and he set a two-year deadline, which expires on Monday. How much has been achieved?

Between January 1976 and last October, according to Mr. Sirs, 8,333 job opportunities have been lost in closures involving 100 or more workers at a time. Since then Clyde Iron *has shut, with 826 out; Hartle*pool with 1,641; and about 260 elsewhere. About 90 men will go at Ravenscraig *in April* and others from Dalzell.

On top of that there will be many more in smaller groups following the general cutting of shifts: in some plants the normal 21 shifts over seven days have been reduced to 15, ten or five. On the other side, about 2,600 jobs have been created in new plant in the same period, although there could be further redundancies to come as a result.

At some of the old plants given a stay of execution by Lord Beswick, former Labour Minister for Industry, the workers have become tired of turning up to work part time at half-dead plants. That was the mood at Clyde Iron, where they took the BSC compensation, against union instructions, and the same mood has been observed at East Moors.

Joint union "action committees"—some of them highly successful — were set up in response to the threat posed by the investment strategy and are — still fighting to stop the BSC extending the net and "coercing employees into accepting compensation." But with the latest closure compensation payments averaging about £5,000 with a maximum of around £7,000, the bait seems to be sufficient.

As for the rest of the 1976 agreement, Mr. Sirs says the unions have given their co-operation and even suggested savings, like cutting overtime, which the BSC failed to take up. One of the main elements, so-called "job restructuring," has not really got off the *ground, for which the unions lay* the blame on two years of incomes policy. "Job restruc*turing*" means cutting manpower by persuading men to take on work traditionally performed by members of other trades or unions. For more competitive manning, say the unions, the BSC must pay. The last two years of TUC-Government incomes policy has made that impossible.

Critics, even within the *unions, say that the TUC steel* committee has been dragging its feet, successfully playing for time in the conviction that drastic pruning would be politically unacceptable.

But there are other factors. By the time BSC and the unions had got down to work on it, the Finniston plan itself was being overtaken by an upturn of orders in 1976. BSC took the pressure off, and so did the unions.

Productivity bargaining, too, has been hampered by Phases One and Two of the incomes policy. They arrested implementation of the so-called Work Measured Incentive Scheme, to which BSC attaches great importance. But now the unions doubt whether the WMIS framework is sufficiently generous.

The crisis has revived union interest in an early retirement *scheme, which BSC has agreed* to consider. If all the manual workers over 60 could be offered special terms—the miners' scheme could be the model—then perhaps 12,000 workers could go overnight. Together with an early closure of the remaining Beswick plants, that would total 22,000 jobs.

Running in tandem with the pay and manning discussions, and so far unaffected by them, there is a working party which is trying to fill out the details of a grand design for worker participation—the cornerstone of Sir Charles Villiers' industrial relations philosophy. The BSC sees the proposed "steel contract" as the key to productive efficiency and orderly relations between unions and between management and unions. On the other side the steel contract is seen as the first step to something more than participation—joint control not over manning and output alone, but also over *the Corporation's investment* strategy.

There are two main proposals. *One is to create a "policy"* board with representatives of the unions, management, Gov*ernment and independents.* The allocation of seats has not been worked out, but the TUC steel committee has proposed a management-union ratio of 2-1, moving eventually to parity. The other is to set up a Steel Council, probably of 100 or more to accommodate all the union interests, and to discuss all issues except pay. The executive arm of the council would be the TUC steel committee, which was recently expanded from seven to 17 members after protracted argument about representation. The Steel Council would be the national body for reconstituted divisional councils, works councils, and in some cases for departmental councils.

One of the aims of this structure, at least from BSC's *side, is to overcome inter-union* feuding which makes the removal of demarcation lines in *response to technology and man*ning of new plant so difficult.

For example the Redcar sinter plant, built at a cost of £170m. has not started up after eight months because 50 boilermakers are objecting to other craftsmen doing their work. BSC has just decided to go ahead without agreement.

Indeed, the craft unions with *their defence of their tradi*tional jobs in the face of new techniques are the source of *much of the friction. One union* leader described them as "a pack of wolves," constantly battling with the Corporation and among themselves. There are other jealousies. The ISTC is criticised for behaving as if its leadership and independence were constantly being conspired against. The ISTC sees the Transport Workers which claims the second largest membership in steel, but which is concentrated in South Wales, as the opportunist waiting for its chance to move in. Relations between ISTC and the Blast*furnacemen, a small proud and* militant union, appear to have improved, but not to the extent *of merger talks. Lastly the* management association, SIMA, long courted by the ISTC, which *also has staff members*, has this week announced it cannot join because it fears it will be swamped.

SURVIVING PLANTS REPRIEVED BY LORD BESWICK

ENGLAND AND WALES	SCOTLAND
Shelton (iron and steel	General Terminus Quay
East Moors (whole plant)	Ravenscraig (open hearth)
Ebbw Vale (slabbing mill)	Hallside (primary and billet mills)
South Teesside Cleveland works (blastfurnace)	Craigneuk (bar mills)
	Glengarnock (open hearth and blooming mill)
	Hamilton (foundry)

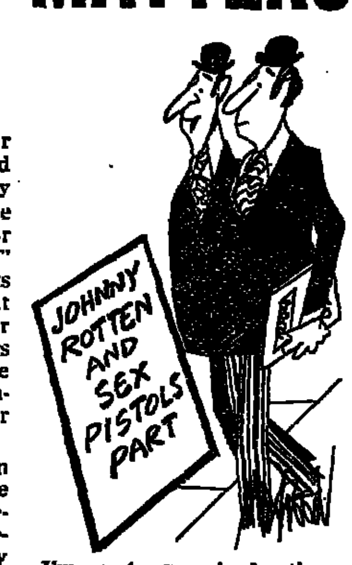
MEN AND MATTERS

British Steel's inside track

Amid all the controversy over how much BSC did or did not reveal to the parliamentary select committee there is one incontrovertibly unknown factor —the identity of "deep throat" who leaked internal documents to the Press last week-end. But he, or she, is a very popular person with committee members who have their own code name for their secret informer. They call him or her "hot-coil."

"Hot-coil" was very much in their mind, it appears, when the committee formulated the demand for more information presented to Sir Chares Villiers by the clerk to the Serjeant at Arms Mary Frampton on Wednesday. The letter called for highly specific information about the quarterly estimates of cash-flow in 1977-78 as submitted to the Department of Industry from January 1976 to *September 30, 1977.*

Great care was taken to ask for precise information mainly because the committee reckoned that if Villiers had preferred to "go to the Tower" rather than reveal them, as he had originally threatened, "hot-coil" would be in a *position to know* exactly what the committee was looking for and leak the details required.



"I'm not surprised, they were only held together by safety pins."

Reviewer Heath

When Arthur Andersen, one of the world's eight largest accounting firms, opened *its new* City office in Surrey Street last year, Edward Heath was there *to join in the ceremonies. Now* he has been appointed to the company's Geneva-based Public *Review Board, set up in 1974* as this highly aggressive firm's idiosyncratic response to the new rules then being mooted by the U.S. *accounting profession.*

Under the new rules, which came into force last year, the American profession was divided up into large and small firms and the large firms were obliged to set up so-called Peer Reviews whereby other accounting firms would be empowered to audit their performance. By setting up Arthur Andersen S.C. *in Geneva the company's* firms around the world were effectively excluded from this *Peer Group review which now* only concerns the company's extensive U.S. operations.

After their Geneva-based organisation had been set up, the appointment of Heath as the first non-American member of the Review Board helps to make it more of an international body.

Ian Hay Davison, senior partner at the firm's London end, described the Review Board as totally independent, "*an impartial eye staffed by* people not afraid to speak up." It meets quarterly and is free to investigate whatever aspect of Andersen's business it feels fit.

Heath was introduced to Andersen chairman Harvey Kapnick by Davison, who is a personal friend of the former Tory leader. It was Kapnick who formally asked Heath to join the Review Board, whose existing membership of six includes former secretary of the U.S. treasury William Simon and William Cary, former chairman of the Securities and Exchange Commission.

Money talks

Would *you like a round in the* ring with Mohammed Ali, a game of tennis with Rod Laver, *a ride round Monaco's Grand* Prix run with Jackie Stewart or "Go one on one with Dr. J"? *It can apparently all be* arranged—for a price according to a new book called "What it costs" just published in New York.

The list of the nicest or most talented people money can buy together with other luxuries like tighter thighs, a life-size jig-saw puzzle of yourself, an Avedon photograph, a private skating party at Rockefeller Plaza is a long one and also includes a great number of personal *services.*

Some are more enjoyable than others. You can, for example, get your worst enemy or rival roughed up for \$200, broken up —\$500 for a broken arm for example—or simply "rubbed out" by a seasoned pro for \$5,000, depending on your purse and your whim.

The latter services come considerably *cheaper than playing* out one's sporting fantasies, the book makes clear. It would cost *between \$7,500 and \$10,000, plus* first class airfare, to persuade Laver or Ilie Nastase to become *your temporary doubles partner* or \$100,000 for a punishing round with Mohammed Ali. As for Dr. J (who, for the uninitiated, is Julius Irving, the most famous basket ball star of the Philadelphia team) he'll be glad to come and run rings around you for \$7,500 a session.

Armchair travel

If science fiction writer Arthur C. Clarke's vision of the future of tourism has any validity travel agents are going to suffer a very lean future. On *the other hand his message should prove comforting to all those for whom a trip to far-flung places basically means* checking up on monuments and tourist sights to make sure that *they tally with the picture post*cards they send back home to prove they've been there.

Clarke's vision of the touristic future, as spelled out to a Travel Association meeting in Colombo, would make the whole business of buying tickets, hanging around at airports and putting up with foreigners quite obsolete.

Instead groups of "tourists" could arrange to hire a guide with a tele-camera and let him do all the donkey work. They could sit together in the comfort of their own living room *or cinema* before a large colour television screen and as the guide moved around "they could look over his shoulder, ask questions and ask for close-ups of interesting objects."

But who is going to send the postcards back to Aunt Ethel?

Moral tales

Following the mid-air "conversion" of American porn publisher Larry Flyn by *Jimmy* Carter's sister-in-law Ruth Carter Stapleton, sources on the trade *Press grapevine* report rumours of two new imminent anti-porn publications. The new titles Prayboy and Repenthouse.

Observer

POLITICS TO-DAY

Liberal revivals can come quickly

THERE IS a slight question mark over the weather, but Mr. David Steel now seems certain to remain leader of the Liberal Party after what will probably be the party's biggest-ever Assembly in Blackpool to-morrow.

The ground has been carefully prepared. Mr. Steel's policy of maintaining the Lib-Lab Pact, until he—in consultation with party officers and the Parliamentary Party—decides to end it, received overwhelming endorsement at the Scottish and Welsh Assemblies last Saturday. His threat to resign if he failed was seriously meant, and seriously taken: the last thing the party wanted was another leadership contest with a general election perhaps only nine months away.

Mr. Steel will thus himself speak in favour of preservation at least until after the passage of the Finance Bill, which means about June, and termination before the end of the Parliamentary session when in any case the pact is due to expire. (At the Scottish Assembly he remained silent until after the vote had been taken.) The weather is a factor in so far as it affects the turn-out: it is possible that it will keep away the largely pro-pact delegates from East Anglia, Devon and Cornwall and the Border country. Even so, the estimate inside the party is that Mr. Steel should pull it off by a majority of about two to one. Before going home delegates will then turn to a debate on their election strategy.

One does not have to be clairvoyant to report that the party is praying for another hung Parliament. Preferably its would be one which gave Labour a slight edge over the Tories, but in case the opposite happens rather more attention will be given than there has been in the past to the possibility of having to do a deal with Mrs. Thatcher. In either case the Liberals would use their recent experience to negotiate a much tougher bargain than has proved attainable from Mr. Callaghan so far. Even Mr. Steel now admits that he was not insistent enough on the question of proportional representation for elections to the European Parliament: he should have demanded a three line whip rather than agreeing to rely on the Prime Minister's "best endeavours." Next time one would expect the Liberals also to go for PR in Westminster.

Half their seats

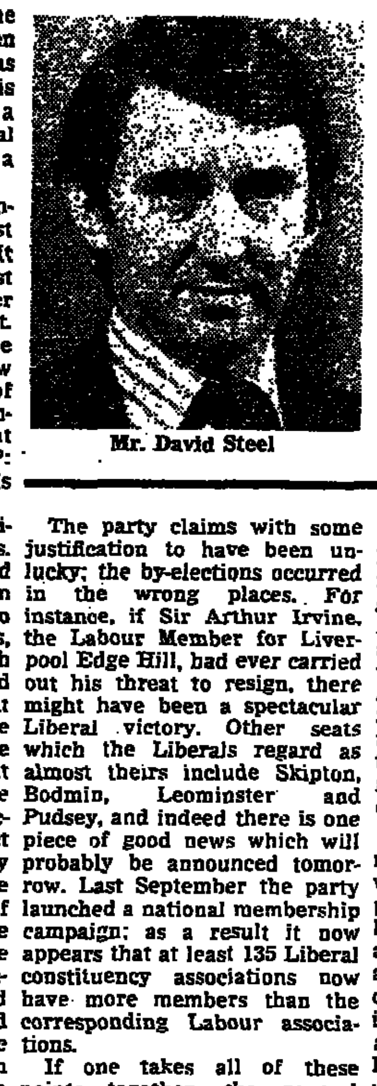
But will it happen, or will it not, as a glance at the accompanying table suggests, the Liberals be lucky to preserve even half of their present seats? *The size of the majorities can be misleading; some of the larger ones are in greater danger.* The Tories concede that Mr. Stephen Ross, Mr. Clement Freud and even Mr. David Penhaligon are probably safe. But there are doubts over Mr. Russell Johnston, who could well go down to the Scottish Nationalists. There are question marks, too, over Mr. John Pardoe and even Mr. Jeremy Thorpe. Mr. Cyril Smith, the arch opponent of the pact, has said recently that he would bet £5 on his own survival, but not £50.

And yet if one looks at the Liberals' record over a period, the only conclusion can be that it is unwise to make firm predictions. The main lesson seems to be that Liberal fortunes can rise—and fall—very quickly. Some of the statements that have been made against the pact can also be shown to be wrong.

It is not true, for example, that support for the Liberals in the country has steadily fallen away since the first pact was formed last March. The truth is that in terms of expresing a preference for voting Liberal the country has not taken a great deal of notice.

According to National Opinion Polls, Liberal support last February was 10 per cent. It fell to 6.6 per cent. early last June, but was up to 10.8 per cent. before the month was out. In the last three months of the year it fluctuated between a low of 6.2 per cent. and a high of 7.5 per cent. The only firm conclusion one can draw from that is the conclusion drawn by NOP: namely that the Liberal vote is rather variable.

Similarly inconclusive evidence comes from by-elections. Since the pact the Liberals did reasonably well at Saffron Walden where they held on to second place behind the Tories, but very badly at Bournemouth East where they conceded second place to Labour. Yet it is unconvincing to blame the pact for any failure to produce the votes, for the fact is that the Liberals had on the whole being doing badly in by-elections long before the pact was thought of. The only really creditable result since the general election of October 1974 was in the "rotten" borough of Newcastle Central where the Liberal candidate, Mr. Andrew Ellis, moved into second place behind Labour. (Incidentally, the same Mr. Ellis will move the motion calling for an immediate end to the pact at Blackpool to-morrow; he is also the party's by-elections officer.) In three other by-elections, all in the Midlands, the Liberals actually fell behind the National Front.



Mr. David Steel

LIBERAL MAJORITIES

Beith	Berwick-on-Tweed	73	over Tories
Freud	Isle of Ely	2,685	over Tories
Grimond	Orkney & Shetland	6,852	over SNP
Hooson	Montgomeryshire	3,859	over Tories
Howells	Cardiganshire	2,410	over Labour
Johnston	Inverness	2,704	over SNP
Pardoe	Cornwall North	3,856	over Tories
Penhaligon	Truro	464	over Tories
Ross	Isle of Wight	2,040	over Tories
Smith	Rochdale	2,753	over Labour
Steel	Roxburg, Selkirk & Peebles	7,433	over Tories
Thorpe	Devon North	6,711	over Tories
Wainwright	Colne Valley	1,666	over Labour

The party claims with some justification to have been unlucky; the by-elections occurred in the wrong places. For instance, if Sir Arthur Irvine, the Labour Member for Liverpool Edge Hill, had ever carried out his threat to resign, there might have been a spectacular Liberal victory. Other seats which the Liberals regard as almost theirs include Skipton, Bodmin, Leominster and Pudsey, and indeed there is one piece of good news which will probably be announced tomorrow. Last September the party launched a national membership campaign; as a result it now appears that at least 135 Liberal constituency associations now have more members than the corresponding Labour associations.

If one takes all of these points together, the general picture that emerges is one of the Liberals going up and down much as they have done for many years. 1974 was an aberration. In the general election campaign of February that year the Liberal share of the vote peaked at 22 per cent. according to NOP (28 per cent. according to Marplan) just before the election took place. It actually doubled within two weeks and the final result was a Liberal vote of 19.3 per cent. Support fell away slightly by the second 1974 election, but the real return to normal (that is, hovering around 10 per cent.) took place in 1975-76.

What the Liberals have to do now is to see if there is any way of recreating some of the political conditions of 1974. To help them, there is some fascinating work on the voting habits and intentions of that period contained in the September 1977 issue of *Political Studies** It appears that the hard core Liberal vote, defined as people who voted Liberal three or more times during 1966-74, amounts to only 4 per cent. of the electorate. But there was another 8 per cent. who voted Liberal twice and a further 13 per cent. who voted Liberal once, so that it is possible to say that about one-quarter of the electorate has voted Liberal in little more than a decade. *Indeed, in 1974*, if one adds together all the people who either voted *Liberal, didn't vote but said* they would have voted Liberal if they had, thought seriously about voting Liberal, or would have voted Liberal *if* they thought their candidate had a chance of winning, the Liberals had the support of half the electorate.

Of course, there were some special factors: the miners' strike, dislike of Mr. Heath, dislike of Mr. Wilson and the Left, and the special appeal of Mr. Thorpe at that time. But do not say it cannot happen. Liberal revivals can come quickly.

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* * *

THE LAST few days have shown an interesting contrast in style between British and American diplomacy with a slight tendency on the British side towards self-congratulation.

When it became clear that Sig. Giulio Andreotti, the Italian Prime Minister, was about to resign, the British Ambassador in Rome was asked from London whether a public statement warning against Communist participation in a new government would be helpful. Back came the answer "no." The U.S. reaction, however, was quite different. The American Ambassador to Rome, who at the time of his appointment had been regarded as a dove on the question of Eurocommunism, returned to Washington and the State Department issued a statement saying that the U.S. was opposed not only to Communist participation in Italy, but would like to see a reduction of Communist influence throughout Western Europe.

In London anyone who inquired after the British view was directed to the Cambridge lecture of last November 18 by Dr. David Owen, the Foreign Secretary. This is held to have resolved a long-running dispute within the Foreign Office on how the issue of Eurocommunism should be approached. The implication in the past few days has been that the British Government has made known its distaste for Communist entry into western governments, but unlike the Americans—was tactful eneough to do so at a time when the question was not especially topical.

I find this response less than convincing. There was, in fact, a number of reasons why the U.S. Administration needed to say something, mostly to do with Congress. The U.S., for example, cannot easily pursue a policy of inactivity towards the Horn of Africa without expressing at least verbal opposition to Communist advances in general. Nor can the Administration expect to secure ratification of the Panama Treaty if it gives the impression of being utterly indifferent to what the Russians are up to.

As for the Owen speech, it is contradictory. The final paragraph consists of a ringing denunciation of the policy of dealing with "so-called 'Eurocommunism'" by threats. "Evoking fear," it says, "implying that we will not accept (Eurocommunists) as partners in Nato and the EEC if they win elections in their countries is the worst possible response." Yet we were told this week that the speech itself was a threat, differing only from the American statement in that it was delivered at a more appropriate time.

The speech was partly conceived as a reaction to the impression that the idea of Eurocommunism was becoming rather too chic at London dinner parties and might even take root in Britain. Sir Harold Wilson had already had a go at it, though without Dr. Owen's pretence to subtlety, and was at it again on his return from Singapore last week-end. Mr. Roy Hattersley is working on the subject, but has yet to give voice.

My own thought, for what it is worth, is that it is better to keep silent. One does not particularly want the experiment of Communist participation in European Governments to be put to the test, but there is not much point in taking public positions before it happens. Nor is it much of a tribute to European Socialists to attack those Communist parties with which they are ready to co-operate.

Malcolm Rutherford

Letters to the Editor

Ability to pay

rom Mr. D. Robb.

Sir,—In the current discussion concerning the future of an incomes policy, one omission from the argument seems to stand out. That is the question of the relationship which should exist between the level of incomes paid and the particular industry's ability to pay them.

In the case of most private industry this relationship is axiomatic. Wages at a level higher than a company can afford can be paid only at the risk of bankrupting the company. If higher wages force an increase in the price of the product to a level which reduces demand, there will be a consequent threat to the level of employment.

In the state sector things are different. Where a monopoly exists as in the Post Office a substantial profit can be made resulting from its monopoly position in an essential field, and Post Office workers can reasonably be expected to have a claim on some of this profit to increase their comparatively low wages. Those nationalised industries which are subject to competition, however, are on the whole outstanding for their loss making. It is in the great loss making industries that I find the policy towards wages curious, because generally speaking it is those very industries which lose most money which pay the highest wages. I am thinking particularly of British Steel and British Leyland.

I find it curious that there should be any contemplation at the present moment of wage increases in either BSC or Leyland. What are the arguments for employees in these industries earning more than Post Office employees or municipal workers, and in general more than those employed in companies whose existence can only continue if they continue to make a profit?

In the long run a healthy economy requires that the laws of supply and demand determines the movement of labour from those industries which no longer require labour to those which do. An artificial incomes policy which pays no regard to industry's ability to finance [illegible] wages from its own [illegible] has the effect of but[illegible] a false industrial and [illegible] structure which cannot [illegible] long term be beneficial to [illegible].

D. Robb.

[illegible] Vicarage, Burbage, Marlborough, Wilts.

No spur to Telford

[illegible] the Managing Director, [illegible] Partitions.

Sir,—It is almost six years [illegible] we located our base of operations in Telford and one [illegible] our prime reasons for doing [illegible] was the proposed motorway, [illegible] at that time seemed a reality. Obviously this affected decisions of many other com[illegible]ies who are in Telford and, [illegible] us, they must feel very disappointed and dismayed at the [illegible] of the Minister of State [illegible] Industry and the Government who either cannot, or [illegible] not, announce their final decision.

There have been many deadlines for this announcement, all which have gone by the board, [illegible] we in Telford are very frustrated by this fact, and this must have had some effect in deterring other companies from moving [illegible].

Congestion of traffic on the [illegible] which has increased over [illegible] years and a large proportion [illegible] that traffic is made up of heavy goods and commercial vehicles, is still on the increase and as a guide we can quote from personal experience that the journey time from Telford to the M6 has increased by at least 50 per cent. since we first arrived. That is, of course, assuming there are no unforeseen delays, such as fog, heavy rain or vehicles involved in accidents; this last happens pretty frequently now. Naturally the delays will increase with each passing day until, or if, the motorway is ever built.

The economics of this situation are also a cause for concern to all; in our case we can be specific about this as follows: an over-long journey can, in view of a driver's limited driving hours, make the difference between a return journey in one day or an overnight stop; being very much part of a service industry a firm delivery date is absolutely necessary, if a vehicle has an unforeseen overnight stop we are short of a vehicle to meet a delivery; an accurate ETA is also essential so that any deliveries made by us can be met by our outside staff, again unexpected delays on the A5 could mean our operatives being paid for waiting time, and, of course, the cost of the vehicle and the driver's time caused by the delay.

We are increasingly having to absorb these costs, which over a full year have increased alarmingly. These moneys could be better spent on new plant giving more potential for growth and greater efficiency, which in the long term will create more jobs.

In conclusion, we would add that the foregoing has been as seen from industry's point of view, but consideration of the public must also be taken into account in that a motorway would alleviate the dangers and frustrations that now exist, and will increase until such time as the problem is cured.

A. R. Longhurst.

Flexi House, Harcourt, Halesfield (13), Telford, Shrops.

Investment in transport

From the Managing Director, Metra Consulting Group

Sir,—In your leader of January 11 you note the Leitch Committee's criticism of cost benefit methods "that they tend to be dominated by factors that are valued in money terms." You go on to comment that a notorious example was given by the Roskill Commission, as differences between sites "seemed to rest essentially upon the particular valuation put on time saved by people going off on a package tour holiday."

It is quite true that any sensible analysis of a transport investment is likely to have the interests of users as an important factor. This is particularly true in cases like Roskill where the environmental case is very finely balanced. Equally, many such users in the U.K. will indeed be packaged tour travellers whose interests are not to be scornfully dismissed.

As a point of fact, however, it is quite untrue to state that the comparison was crucially dependent on the values of such time that were used or that the commission was "reluctant to acknowledge the large area of uncertainty which was involved." Within wide limits the commission's conclusion would have been the same whatever the values of time used.

Curiously one of the most significant omissions in the commission's analysis concerned those very terms which are most easily quantifiable and in particular, the profit of the airport owners.

Michael J. Frost.

23 Lower Belgrave Street, S.W.1.

New base date for gains tax

From Mr. J. Bennett

Sir,—Among the discussion regarding the relation of capital gains tax to inflation, I have seen no mention of what seems to me to be the obvious and first step towards average equity and simplicity, that is, a new base date. It would almost "at a stroke" wipe out the intricacies of 15 years back calculations, and surely find some acceptance with both the Inland Revenue and investors.

Jack Bennett.

5, Mountfield, Faversham, Kent.

Electoral reform

From the Director, National Committee for Electoral Reform.

Sir,—With reference to your report of the Parliamentary debate on January 13, the alternative vote is not proportional representation (PR). Only voting systems which result in the parties holding seats in proportion to their votes can be described as proportional representation.

Preferential voting in single member constituencies, the alternative vote, may have some advantages over our traditional voting system but it does not produce party proportionality. The result of the recent Australian election indicates this very clearly. The Australian Labour Party came out top with 40 per cent. of the vote but less than 30 per cent. of the seats; the Liberal Party, with just over 38 per cent. of the vote received more than 50 per cent. of the seats; the Country Party and the Democratic Party both got around 9 per cent. of the vote each, but the former has 18 seats in Parliament; the latter none. So the decision of the Australian people is in no way reflected in Parliament.

That is why the National Committee for Electoral Reform has rejected the alternative vote and is pressing for the use of a proportional representation system for elections in the United Kingdom.

Richard Holme.

12, Upper Belgrave Street, S.W.1.

Scots-Nats confusion

From the Director, The Electoral Reform Society.

Sir,—The Scottish National Party in general and its leader in particular really ought to make up their minds what electoral system they want.

On the devolution Bill, Margaret Bain said (Hansard, col. 1555) "Members of my party have no hesitation in supporting proportional representation. The consistency of the SNP on this issue is an example to others in the House." But on the European elections Bill (Hansard, col. 393) George Reid said, "If the hon. gentleman has followed speeches made by myself and my colleagues over the past few years, he will know that we have not suggested adopting a system of proportional representation."

It is possible that the "not" is a mistake in Hansard, but there is no mistake about the fact that the SNP's latest effort is in favour of a system—the alternative vote—which is no more proportional than is our present system of electing the House of Commons. Anyone can see that by looking at AV results in Australia. Suppose that in each Scottish constituency the first-preferences votes were like the actual votes in Dunbartonshire East in October 1974:

SNP	15,551
Conservative	15,529
Labour	15,122
Liberal	3,636

Under any proportional system the three nearly equal parties would each get one third of the seats, but under the alternative vote the SNP might get anything from all the seats to none, according to whether supporters of the other parties chose to give SNP candidates their second preference or not.

No system of electing one member from each constituency can ever possibly be proportional.

Enid Lakeman.

6, Chancel Street, Southwark, S.E.1.

Winners at crosswords

From Mrs. V. Evans.

Sir,—Do I detect a shade of smugness in Miss Lewis's reply on crosswords? (January 18). Congratulations to her on being a winner! As for drawing conclusions, she is indeed right, we can draw our own. But no doubt we would be equally wrong as she is in the one drawn from my letter. Alas, it failed to occur to Miss Lewis that there are many of us who "do" (her word) the crossword rather than waste time being rude about men. In fact, I enjoy the company of men, particularly when they are being intelligent and logical. At such times there is scarcely a cross word between us.

Vivin Evans.

3, Oaklands Lane, Arkley, Barnet, Herts.

Banking and new projects

From the Managing Director, Media Communications (Midlands).

Sir,—When one takes into account the fact that small business account for one quarter of the working population of this country then it is surely about time they were given considerably more incentive to develop their ideas and possibly threby create even more employment potential.

Would it not, therefore, be beneficial, for both the clearing banks and businesses alike to have a secondary approach beyond the bank manager? If the initial approach were made to the bank manager, in the normal way, the customer would have the opportunity of taking the benefit of his advice and if he was then still determined to go ahead with his project he should then have recourse to a select panel, set up by that bank, to which he could present his case for more impartial consideration. I do feel that the local branch manager often has too much responsibility and could possibly be more concerned about his own personal future; and who could blame him. Having said this I would feel that it would still be important for the initial approach to be made through the manager, such that the managers report could be passed on to the panel, prior to any meeting, in order to save time on all sides.

Some of the foreign clearing banks, now establishing themselves in this country, seem much quicker to realise the potential of our small businesses and I personally wish them the best of luck.

A bank manager, and his thoughts, may make a reasonably successful finance director but there cannot be many that would also make a good technical director; so what is the point of him putting your case to his superiors.

If there are funds available, for goodness sake let them be utilised for the benefit of the country as a whole and for the people who are prepared to put their lives into working for it. Anyone can give it way, which is what seems to happen with people who are not even prepared to work at all!

J. A. Gregory.

Derby Road, Sandiacre, Nottingham.

Learning about industry

From The Administrative Director, The Business Graduates Organisation

Sir,—Your article "Bringing schools and industry together" (January 9) prompts me to refer to an earlier letter of mine which suggested that the British educational system was lacking in systematic teaching of children at all ages how the nation earns its living and how they can earn their own within it. The CBI project "Understanding British Industry" and other initiatives mentioned in the article show that something is moving at last, and coming in the wake of the Great Debate they fill some of the gaps. But they are all designed to operate in the later stages of schooling.

It is my belief that we have to reach school children at a *much earlier age*. Although the critical period of career choice does not usually begin much before the age of 15, surely the groundwork ought to be laid long before—in fact as soon as children go to school.

Much attention has been paid in the Press recently to political illiteracy. It seems to me less important and more dangerous to educate children in politics than to teach them how the nation earns its living. I am not suggesting formal economics for toddlers, but I do believe that every subject that can be, should be taught in the context of productive work as a basis for a happy life, so that when adolescents reach the stage of choosing a career the efforts of several organisations, school teachers, local industrialists, and above all parents, to describe the vital importance of industry and commerce are received with understanding. They will then be more likely to succeed.

The pedagogic reform involved is considerable, yet the mood among teachers may be more receptive now than for many years. The Secretary of State is doubtless considering various initiatives to follow the Great Debate. I hope that one of them will be on the lines suggested above.

David Clutterbuck.

87 Jermyn Street, SW1.

Too much air

From the Director, Action on Smoking and Health.

Sir,—May I correct one minor point in the otherwise excellent item on smoking in the "Men and Matters" column (January 17)? We attract the attentions of more cranks than most pressure groups, but I would not wish to confuse the cranks with our members who are, almost without exception, sane and reasonable at all times. Members of the public are, however, a different matter. I was to-day informed of a lady who telephoned us worried that if she gave up smoking she might take too much air into her lungs. . . .

Mike Daube.

27-35, Mortimer Street, W.1.

To-day's Events

GENERAL

Retail price index for December.

President Carter makes economic policy statement to U.S. Congress prior to formal presentation on Monday of his first Budget.

Session of European Parliament ends Luxembourg (until February 13).

Mr. Robert Cryer Under-Secretary, Industry, chairs conference on "Small Firms in Inner Cities" at Centre Hotel, Newcastle. Other speakers include Mr. Ernest Armstrong, Under-Secretary, Environment, and Mr. Ian McLean, chairman of Tyne and Wear Council's economic development committee.

Mr. Ron Hayward, general secretary, Labour Party, addresses Barrow constituency meeting.

British Shipbuilders' management team flies to Newcastle to meet Mr. John Chalmers, general secretary of the Boilermakers' Amalgamation, and other officials, in further effort to persuade Swan Hunter boilermakers to agree job flexibility.

Shell management and shop stewards meet Department of Employment officials on pay claim of company's tanker drivers.

Mr. R. S. Porter, director-general of economic planning, Ministry of Overseas Development, addresses London Chamber of Commerce on "Arab Funds in the Middle East and Africa," 69 Cannon Street, E.C.4, 11.30 a.m.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills, including second reading of Employment Protection Bill, sponsored by Mr. Edward Fletcher (Lab., Darlington) and backed by Government, which seeks to prevent disputes over union recognition similar to that at Grunwick.

OFFICIAL STATISTICS

Financial accounts of industrial and commercial companies and personal sectors; and new acquisition of financial assets, analysis by sector (third quarter).

COMPANY RESULT

Grand Metropolitan (full year).

COMPANY NEWS + COMMENT

BET expands to £29m. at half time

IN LINE with the directors' forecast of a further increase in profits in 1977-78, British Electric Traction reports an advance from £24.51m. to £29.02m. in the pre-tax balance for the first six months ended September 30, 1977.

Turnover showed an increase from £232.38m. to £289.23m. After tax (up from £14.73m. to £16.5m.) and minorities the attributable balance emerges ahead at £9.39m. against £7.17m., giving earnings per 25p share of 6.4p (4.9p). The directors point out that the tax charge is higher than normal mainly because of certain overseas losses which cannot be set off against profits elsewhere.

The interim dividend on the Deferred Ordinary capital is raised from 1.54p to 1.694p, costing £2.46m. against £2.23m. The total for 1976-77 was 5.168p, paid from record profits of £55.3m.

	Six months 1977 £000	1976 £000
Turnover	289.235	232.383
Trading profit	29.417	25.189
Investment income	2.702	2.615
Associates	2.021	1.277
Making	34.140	29.081
Interest payable	5.124	4.575
Profit before tax	29.016	24.506
Taxation	16.502	14.731
Net profit	12.514	9.775
Minorities	3.129	2.603
Attributable	9.385	7.172

Application is being made to the Stock Exchange for the quotations of the group's different classes of capital to be shown in future in the Daily Official List under the commercial industrial heading. With BET's wider range of interests the directors consider it more appropriate for the group to appear under that heading than as now under financial trusts land, etc.

● comment

Although British Electric Traction's pre-tax advance at 18 per cent. was not as impressive as the more sprightly 24 per cent. spurt in last year's first half, the latest figure was £2m. above the more conservative expectations. Full-year figures look like making £65m., against £55m. without too much difficulty. On that basis full-year earnings per share could reach 15p assuming a similar tax rate as the first half of near 57 per cent. At 107p (down 1p) the shares stand on a *prospective p/e of* 7. The market, however, probably had an eye on attributable earnings, which had been supported by a slightly lower tax rate than last year, and the reduction more than offset the rise in interest payable of £549,000. Meanwhile on the tradings incurred losses and this is earner, United Transport, accounted for a half of the £4m.-plus improvement in trading profits, while Wembley Stadium building work has again left this subsidiary of Rediffusion Holdings incurring losses and this is partly responsible for the rise in interest charges. The yield on the shares, assuming a maximum *payout*, is 8.2 per cent., more than twice covered.

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Newmark at £0.9m. midterm

ELECTRONIC AND precision engineers and watch distributors Louis Newmark lifted pre-tax profit from £753,000 to £916,000 in the October 1, 1977, half year.

Turnover in the period climbed from £9.27m. to £10.98m., and directors are predicting a record full year profit of £2m., based on current order books and the first half advance. Last year profit totalled £1.84m.

After tax of £476,000 (£392,000) first half earnings per share are stated at 14.33p (11.67p) and the interim dividend is raised from 2p to 2.5p net per 25p share. A 4.02p final was paid last year.

	Half-year 1977 £000	1976 £000	Year 1976-77 £000
Turnover	10,975	9,287	20,642
Group profit	1,082	892	2,126
Depreciation	166	139	288
Profit before tax	916	753	1,838
Tax	476	392	964
Net profit	440	361	874
Pref. divs.	15	15	30
Ordinary divs.	74	59	178
Retained	351	287	666

● comment

Louis Newmark's first-half profits have risen by more than a fifth on turnover up by 18½ per cent. of which about 8 points represents volume gain. This improvement has come through mainly increased market share rather than any inherent improvement in overall demand. This is particularly evident in the electro-mechanical and electronic fields which are benefiting from a broader product range, and in the merchanting division (26 per cent. of profits), which has recovered from last year's 16 per cent. profits shortfall. Here the company was rather slow to react to the changing trend from conventional to solid state watches, but this has now been corrected with imports from Switzerland. If the company's full-year forecast of £2m. is achieved, this will put the shares on a p/e of 5.0 at 158p, while the yield of 6.5 per cent. is *covered almost five times.*

Fluidrive slows in second half

PROFITS GROWTH at Fluidrive Engineering slowed in the second six months of 1976-77. For the year ended September 30 the pre-tax balance emerges 16.9 per cent. ahead at £920,000 after a rise of some 20 per cent. in the first half. Turnover jumped by 31 per cent. to £8.26m.

Mr. David Donne, chairman, explains that because of the continuing depression in the group's sector of the world's capital goods market the order book is not as high as at the same time last year—the group achieves about 40 per cent. of its sales *through direct exports.*

Unless there is an increase in the order intake, he adds, it is difficult to see further growth in profits in 1977-78. Nevertheless, the company is poised to take advantage of any upturn as it arises.

Earnings per 20p share are shown to be up from 10.2p to 10.7p. On the basis of the tax rate remaining at 34 per cent. after the April Budget a final dividend of 3.4364p net is proposed compared with 2.3995p indicated at the time of the rights issue in June 1977. This takes the total up from 2.7233p to 3.3198p on the increased capital.

	1976-77 £	1975-76 £
Turnover	8,261,000	6,296,800
Profit before tax	920,000	787,009
U.K. tax	301,090	220,900
Net profit	619,000	567,008
Pref. dividends	1,925	3,530
Ordinary	329,238	149,782

Upturn by Associated Paper

SECOND-HALF profits of £1m. against a £0.22m. deficit, enabled Associated Paper Industries to finish the year to October 1, 1977, showing a recovery from an £0.44m. loss to a £1.8m. pre-tax surplus, reflecting the benefits from extensive capital investment and product developments which are continuing.

The directors expect further improvement in profits for the current year provided demand in the home market increases as anticipated.

Turnover for the year increased from £26.79m. to £32.9m. and exports were up £1m. to £2.26m. Basic earnings per 25p share are shown as 10.2p (2.6p loss) and fully diluted as 8.1p (1.3p loss), while a final dividend of 1.7871p lifts the total to the maximum permitted 2.8871p (1.5p) net, costing £257,253 (£133,574).

	1976-77 £	1975-76 £
Turnover	32,963,179	26,786,641
Pre-tax profit	1,799,147	*436,298
Taxation	871,140	†226,829
Net profit	928,007	*209,469
Extraord. debit	—	‡463,917
Dividends	279,613	155,936
Leaving	§648,394	*829,322

* Loss. † Credit. ‡ Relating to closure of Edward Collins and Sons. § Profit.

Statement, Page 22

● comment

Associated Paper's £2¼m. turnround to profits has more to do with the success of the group's rationalisation programme than any marked upturn in demand for paper products. A 23 per cent. turnover increase represents little or no volume growth while the profits recovery includes a large element of loss elimination. Papermaking profits may be around £300,000 (after losses of £711,000) following the closure of Edward Collins in 1975-76. The group has recently concentrated its investment in the more profitable paper converting division—particularly in specialist papers which command better profit margins and are less susceptible to the peaks and troughs of the paper industry. Profits from converting may be as much as £1½m. (£440,000). Around 60 per cent. of group products end up as packaging, in one form or another, but the group says that this market has been rather dull since around June last year—following a bright start to 1977 when there was a strong period of stock building of packaging products. So the next first half figures may be unexciting. The shares at 55p yield 8.21 per cent. while the p/e is 6.6.

Atlantic Assets up £146,000 at six months

After interest and expenses totalling £367,000, compared with £417,000, pre-tax revenue of Atlantic Assets Trust jumped from £86,000 to £232,000 in the December 31, 1977, half year.

The result is subject to tax of £96,000 (£47,000) and earnings per 25p share are stated at 0.31p net (nil).

Revenue excludes contributions from the subsidiary Woodford Investments and income from associates has been included only for dividends received by Atlantic.

Directors say the income for the six months should not be taken as an indication of the full-year results. Last year revenue before tax was £1.09m. and a 0.4p net dividend was paid.

Continuous Stationery ahead so far

ON TURNOVER ahead from £1.07m. to £1.18m. pre-tax profit of Continuous Stationery climbed £13,689 to £114,120 in the September 30, 1977, half year.

Mr. G. C. Lansdown, chairman, says he is hopeful that this level of profitability will continue in the second half. Profit totalled £0.21m. last year.

The interim dividend is lifted from 0.7p net per 10p share to 0.9p. A 1.62p final was paid last year.

Updown Invest. over £75,000

For 1977 profit of Updown Investment improved from £64,594 to £75,635 after tax of £44,468, against £36,441, and expenses and interest of £31,281, compared with £29,525.

Stated earnings per 25p share were 1.89p (1.61p) and there is a special interim dividend of 1.75p net. For 1976 the dividend was 1.55p.

On behalf of its investment clients Cazenove and Co. has bought 2,791,699 Ordinary shares, representing about 70 per cent., at 58p per share ex-dividend. An unconditional offer of 58p per share is being made to remaining holders. These holders will receive the dividend but the offer will not be revised or be extended beyond February 10, the directors state.

Ashley Ashwood

Sir John Spencer Wills, chairman of British Electric Traction.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Abbey Panels	1.34	—	1.95	2.64	3.25¶
Associated Paper	1.79	March 22	1	2.89	1.5
Burt Boulton .... int.	3.5	April 3	3.5	—	10
British Electric Traction	1.69	April 6	1.54	—	5.17
Continuous Stationery int.	0.9	April 7	0.7	—	2.32
Corn Exchange	1.01	April 3	0.98	1.99	1.79
Dixons Photo. .... int.	0.91	Feb. 27	0.83	—	2.17
Fluidrive	2.44‡	—	1.94	3.32†	2.72
A. and J. Gelfer ...... int.	1.2	April 11	1.12	—	2.56
Greenfriar Inv.	1.45	Mar. 17	1.20	1.45	1.20
Idris Hydraulic ... sec. int.	4.5	March 13	3	—	9
Lincroft Kilgour	2.14	April 13	1.91	3.49§	3.1
London and Montrose	1.25	April 3	1	—	5.25
Mackinnon	1.65	March 16	Nil	1.65	Nil
New Cntl Witwatrsrnd. int.	5‖	Mar. 11	4	—	16.5
Louis Newmark .... int.	2.5	March 10	2	—	6.02
Nolton .... int.	0.27	April 3	0.27	—	2
Prov. Cities Trust	0.58	March 3	0.53	—	1.35
Updown Investment	1.75	Feb. 10	1.55	1.75	1.55
Warner Estate	1.36	March 9	1.18	2.66	2.38
Western Board .... int.	1.2	March 10	1.1	—	3.3
Westinghouse	1.3	April 3	1.16	2.13	1.9
Whatlings	1.67	April 10	1.5*	2.57	2.3*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Assumes 34 per cent. tax rate after Budget. § Includes special 0.03p for 1975-76. ¶ For 15 months. ‖ South African cents throughout.

Westinghouse tops £5.6m. on sales held at £62m.

WITH SALES almost maintained at £61.96m., against £62.23m. for the previous 53 weeks, Westinghouse Brake and Signal Company expanded taxable earnings from £4.52m. to a record £5.62m. for the 52 weeks to October 1, 1977.

Midway profit was better at £2.57m. (£1.93m.) and the directors forecast a similar result for the second half.

For the year earnings per 25p share before extraordinary debits of £120,000 last time, were ahead by 2.8p at 9.5p. A net final dividend of 1.2971p lifts the total to a maximum permitted 2.12724p (1.90456p).

	52 wks. 1976-77 £000	53 wks. 1975-76 £000
Group sales	61,961	62,226
Trading profits & other income	6,891	5,873
Group	5,029	4,668
Share of assocs.	1,862	1,205
Interest	1,271	1,352
Pre-tax profit	5,620	4,521
Total tax	1,548	1,686
U.K.	505	601
Overseas	796	833
Share of assoc. U.K.	117	119
Shr of assoc. o'seas	130	131
Net profit	4,072	2,835
To minorities	16	†12
Extraord. debits	—	120
Attributable	4,056	2,727
Interim dividend	354	317
Final dividend	553	495
Retained	3,149	1,915

† Minority loss.

No provision has been made for deferred tax this time as the directors see no reasonable probability of it becoming payable in the foreseeable future. The comparative figures have been adjusted accordingly.

● comment

While year-end sales at Westinghouse are unchanged, the company has managed to improve profit margins by almost two points, due to a more favourable batch of orders. Total trading profits are up by 17 per cent., with the star performer being the 50 per cent.-owned Bendix Westinghouse (supplier of brakes to the buoyant commercial vehicle market) whose contribution has jumped by 122 per cent. There was some growth in Australia (about 40 per cent. of *profits*) but after exchange adjustments, the contribution was similar to last year's trading profit of £2m. At 46p the shares are on a p/e of 4.7 while the yield is 7.2 per cent. The benefits of the £8.1m. signalling contract on the London Midland region, and orders for the Tyne and Wear transit scheme and Kowloon-Canton railway (totalling £20m.) should start coming through in the current year.

£1m. expansion plan at Hardys and Hansons

Brewers Hardys and Hansons have produced a £1m. plan for the extension of its brewing and kegging capacity at its Kimberley, Nottingham, works.

Retiring chairman Mr. W. G. Hanson says that with the current uncertainty about the future of the industry, the Board can only proceed with its forward planning at a cautious pace and hope for *co-operation and help rather than* hindrance from Government.

Taxable profit of the company rose from £1.5m. to £1.61m. in the September 30, 1977, year and Mr. Hanson says second half results were disappointing, with a falling off in lager sales. Managed houses also produced less satisfactory results.

The company is now building three new public houses and last year renovated a house in Derby and closed a redundant house in Kimberley.

Brittanic Assurance owns 10.12 per cent. of shares, Lloyds Bank retirement benefit schemes 5 per cent. and Whitbread Investment 6.41 per cent.

Meeting, Nottingham, February 14 at noon.

Little change for Gelfer

Profits of makers of ties, men's headwear and scarves A. and J. Gelfer showed little change in profit for the half year ended September 30, 1977. It amounted to £260,325, against £253,860 from turnover £76,000 ahead at £1.46m.

After tax of £134,700 (£132,000), the net profit came out at £125,625 (£121,860) for earnings of 2.01p, against 1.95p per 20p share.

The interim dividend is raised from 1.12p to 1.2p net—last year's total was 2.556p from profits of £628,000.

ISSUE NEWS

ECI gives backing to James Neill

BY TERRY GARRETT

Equity Capital for Industry, the equity bank set up by City institutions, is buying a substantial stake in a Sheffield-based engineering group, James Neill Holdings, with a minimum investment of £1.78m.

Neill is making a £3.79m. rights issue and ECI has agreed to take up over 2m. shares allotted to Neill directors and associated trusts, which will give ECI an 11.8 per cent. stake in Neill after the issue. In addition ECI has agreed to underwrite the balance of the issue.

The announcement yesterday came as the fourth investment that ECI has made since its inception in 1976, when over 350 institutions put up £41m. of capital to provide equity where normal market machinery could not do so.

ECI has underwritten a rights issue once before. That was the £3m. offer of convertible Preference stock made by Dunford and Elliott at the end of 1976. The rights issue was taken up and ECI was not called upon to take up any shares. Dunford was later taken over by Lonrho.

Up till now ECI has invested a total of £5.15m. Though its first investment of £1.75m. went into the ill-fated carpets group, Bond Worth, which went into receivership last August.

Last summer ECI made two more investments in UBM, the builders' merchant, and Renwick Group which takes in motor distributors and travel agents.

Since then ECI has been quiet but it has been building up a list of 150 companies which might find its services useful. Neill was on that list.

Mr. A. J. Barrett of ECI said yesterday that the "equity bank" was now taking a more positive role and had "used up some shoe leather" since Christmas in contacting companies. ECI is in discussion with a number of companies at the moment.

The terms of Neill's rights issue are one-for-three Ordinary shares at 84p each. In the market Neill's shares closed 1p lower at 90p.

Giving the reasons for the issue the directors underline the need to finance capital expenditure plans. They are planning to spend £4½m. over the next 18 months, £4m. of which will be in the U.K. mainly on general expansion and modernisation.

Also the company foresees a significant rise in volume during 1978 and thereafter, mainly through increased penetration of export markets. Therefore more working capital will be needed to finance additional sales.

The directors had considered a conventional rights issue to raise the capital but this was discounted as some 66 per cent. of Neill's equity is in the hands of the family and trusts. Institutions account for a further 24 per cent. with small shareholders holding 10 per cent.

A more appropriate financing method was a placing but the Stock Exchange would not relax its rules limiting the size of a placing to £1m., despite the Board's intention to obtain prior approval of shareholders.

Hill Samuel, advisers to Neill, then approached ECI, which was willing to underwrite a rights issue at a discount of around 7½ per cent. which is comparable to the discount on a placing.

If Neill had attempted a conventional rights issue the discount would have been much greater.

The company has taken the opportunity to indicate figures for the full year 1977. Turnover was up from £33m. to £42m. but profits before tax are below earlier expectations at £3.7m., against £2.1m.

At the interim stage the directors had indicated that full-year profits would probably be double the first-half figure of £2m.

The reason for the shortfall is that the appreciation in sterling affected both the results of overseas subsidiaries and the stock profits inherent in a vertically integrated business with a long manufacturing cycle.

The directors are proposing to raise the total dividend by close to 20 per cent. with a final of 3.642p per share making a total of 5.8p.

Dealings start on Monday.

See Lex

ICI hit by exchange loss in fourth quarter

Imperial Chemical Industries announced yesterday that the rise of the pound sterling in the fourth quarter of 1977 would result in an exchange rate loss on net current assets overseas of between £16m. and £19m. This charge against fourth-quarter profit compares with an equivalent charge for the first nine months of only £10m.

ICI also said that the strength of sterling would prove to have reduced ICI's export profitability in the last quarter. The company made these predictions while announcing that the registration statement for its $175m. bond issue—originally filed on December 29—had now become effective, enabling ICI North America to go ahead with the issue. The amount to be raised is $25m. more than was initially envisaged.

This wholly owned subsidiary of ICI is to make a public offering of $175m. 8.875 per cent. guaranteed sinking fund debentures due January 15, 2003, at a price of 99.375 per cent.

The debentures are unconditionally guaranteed by ICI and the offering is being made through an underwriting group managed by Smith Barney, Harris Upham and Co. Incorporated and Goldman Sachs and Co. Application has been made to list the debentures on the New York Stock Exchange.

The proceeds of the issue will be added to the ICI group's general corporate funds and are expected to be used for investment outside the U.K.

There is a requirement for $10.5m. of the debentures to be redeemed by means of a sinking fund on January 15 in each of the years 1988 to 2002. The redemption price is 100 per cent. of the principal amount of the debentures plus accrued interest and 90 per cent. of the debentures will have been redeemed prior to their reaching maturity.

The company has the option to increase the annual sinking fund payment by an amount not exceeding the mandatory payment, and there are further provisions for repayment before maturity on payment of a premium, the amount of which reduces annually.

See Lex

RCF—87%

RCF Holdings rights issue has been taken up as to 87.2 per cent. The issue was of one-for-three at 32p each raising a total of £600,000.

هكذا من الأصل

Dixons Photo ahead 7% but spending picking up

DESPITE A background of resistant trading conditions in several major markets, Dixons Photographic managed an improvement of some 7 per cent. in group pre-tax profits to £4.77m. in the 28 weeks ended November 2, 1977. Net sales showed an increase of 19 per cent. to £80.9m.

For the full year Mr. S. Kalms, chairman, says that he expects results to again show satisfactory growth—the profit for 1976-77 jumped from £5.22m. to £8.73m.

Commenting on the half year results Mr. Kalms says that Dixons U.K. had a record Christmas and there are now clearer indications of an increase in consumer spending. Westons is still only marginally profitable but he remains confident that it will be able to develop potential earnings.

The continuous and wide movement of major currencies causes complications and short-term profit fluctuation in international trading companies but, on balance, the chairman believes the group will be a substantial beneficiary of a stronger pound.

The major expansion programme is progressing speedily, and concurrently with the broadening of the product range.

The interim dividend is increased from 0.825p to 0.9075p net—the total for 1976-77 was 1.65p.

	First 28 wks. 1977-78 £000	1976-77 £000
t sales	80,900	75,835
ofit before tax	4,766	4,465
xation	2,015	1,921
U.K.	1,672	1,565
Overseas	343	356
t profit	2,751	2,544

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Baltic Holdings, Lynton Holdings, Vita-Tex.

Finals: Associated Sprayers, Dewhurst and Partner, Gough Cooper, Grand Metropolitan, Lonrho, Raeburn Investment Trust.

FUTURE DATES

Finals:

Bullough	Jan. 25
C.C.S.B.	Jan. 27
Carrington Viyella	Feb. 22
Glanfield Lawrence	Jan. 26
Howard Machinery	Jan. 20
Status Discount	†Feb. 7

† Amended.

Gross income improved to £227,480 from £223,048.

Investments at December 31 are valued at £4.99m. against £3.99m. and net assets per share are shown at 112.2p (95.9p).

	1977 £	1976 £
Gross income	227,480	223,048
Interest charges	83,358	81,303
Management expenses	30,568	28,350
Net tax	41,139	43,487
Dividend	58,000	48,000

and will absorb £28,130 (£25,608). A 0.8178p final was paid last year on gross revenue of £131,682. Directors forecast increased second half profits this year.

Net asset value of each share rose from 24p to 36p at the half year. The increase from May 31, 1977, was 4p per share.

Advance at Western Board Mills

EXCLUDING RESULTS of Turner and Company (Cardiff) for both periods, pre-tax profit of Western Board Mills increased from £300,000 to £423,000 on turnover ahead from £1.04m. to £1.34m. in the September 30, 1977, six months.

The result includes £63,000 (£3,000) from the sale of investments. The subsidiary, Turner, was sold on August 25 to Severnside Waste Paper, a member of the Mardon Packaging Group, to rationalise waste paper collection in the area. A favourable long term supply agreement was negotiated as part of the disposal. Including Turner results, last year's halftime figure was reduced to £283,000.

Directors say the first two months of the current year continue to show an increase in sales and profits and say a considerable improvement on last year's £0.56m. profit is expected.

The first half result is subject to tax of £206,000 (£155,000), and the interim dividend is lifted from 1.1p to 1.2p net per 10p share. A 2.2p final was paid last year. The Vogel family has waived dividends on its 3.35m. shares.

Mackinnon recovers to peak £0.4m.

A SECOND half pre-tax profit of £366,824, against a loss of £64,967, by knitwear manufacturers Mackinnon of Scotland, turned the full-time figure for the year to October 31, 1977, from a £62,332 loss to a record £421,523 surplus. Sales jumped £2m. to £6.03m.

Tax took £227,000 (credit £32,131) leaving a net balance of £194,523 (loss £30,201). Earnings per 25p share are stated at 7.65p (loss 1.58p) and the company returns to the dividend list with a net payment of 1.65p.

The previous payment was 0.75p for 1974-75 which was paid from profit of £65,382.

G. R. Francis £6,871 ahead midterm

Heating and plumbing merchants G. R. Francis Group increased pre-tax profit from £91,638 to £98,509 in the half year ended September 30, 1977, on turnover up from £2.05m. to £2.36m.

Directors say that the company continues to experience a severe trading climate and it would therefore be imprudent to forecast results for the full year. Last year profit totalled £241,136, and a single 3.537p net dividend per 25p share was paid.

The result is before tax of £51,225 (£47,652) which leaves net profit at £47,284 against £43,986.

Nolton improves with £55,000 so far

Excluding a capital surplus on the sale of investment properties of £13,237, against £18,260, Nolton improved from a loss of £82,860 to a profit of £55,133 for the six months to October 31, 1977.

Turnover climbed to £1.51m. (£1m.) and there was again no tax charge.

The directors are confident that the recovery begun in the second six months of 1976/77 will continue in the second half. Last year there was a fulltime pre-tax loss of £13,682.

Stated earnings per 25p share were 1.84p (loss 3.38p) and the net interim dividend is held at 0.27p. The final last time was 1.73p.

The company's interests include property investment, industrial manufacture and provision of financial and other services.

Prov. Cities at £80,524 midway

GROSS INCOME of Provincial Cities Trust increased from £76,422 to £80,524 in the November 30, 1977, six months.

After management expenses of £12,960 against £9,749 and tax of £23,422 compared with £23,426 net revenue comes out at £44,142 (£43,247).

The interim dividend is up from 0.528p net per 25p share to 0.58p

Greenfriar earnings up

Earnings per 25p Ordinary share of Greenfriar Investment Company moved up from 1.75p to 1.81p in the year 1977 and the dividend is increased from 1.2p to 1.45p net.

Bad start for United Wire

Shareholders in United Wire Group were told by Mr. A. A. R. Green, chairman, at yesterday's annual meeting that the turnover and profits for the first quarter of the current year were disappointing and that the group faced a difficult year.

The demand for the group's traditional products was running below that of last year, and, faced with increased manufacturing costs, the Board projected significantly lower profits for the first half.

On the brighter side, the company's project, Thule United, which supplied special vibratory screen machines for the recovery of mud and drilling fluids primarily on oil rigs, was showing promise, but was not expected to make any significant contribution to the year's profits.

And while they say it will be difficult to maintain the improved result the group is in a strong position to take advantage of any upturn in demand.

The result for the half is subject to tax of £349,031 (£245,178) and earnings per 25p share are stated at 7.77p (5.48p). The dividend is up from an adjusted 1.5p to 1.668p, taking the total to 2.568p (2.3p).

Record £0.66m. for Whatlings

ALTHOUGH TURNOVER of civil engineering and building contracting group Whatlings edged lower from £20.61m. to £20.54m., pre-tax profit jumped 42 per cent. to a record £0.66m. in the year to September 30, 1977.

At half way, profit was up £51,000 to £139,000 and directors predicted further improvement for the year.

Directors say the group's much improved liquidity has contributed to making the increase possible.

Government action has resulted in the flow of new work being below expectations, putting pressure on margins and creating excess capacity.

Downturn at Abbey Panels

TAXABLE PROFITS for the year to September 30, 1977, of Abbey Panels declined to £433,924, compared with £549,755 for the previous 15 months. Turnover was reduced from £4.42m. to £3.49m.

At the interim stage, when reporting a lower surplus of £207,730 (£236,742), the directors said that results showed the effects of lack of orders in the sub-contracting business. They pointed out that margins were becoming tighter and orders were only being gained on a very competitive basis.

After tax of £231,411 (£268,202) net profit dropped from £281,553 to £202,513 for the year. Stated earnings per 25p share are 10.126p (14.078p) and a final dividend of 1.34p makes a total of 2.64p (3.25p) net, costing £49,104 (£44,643)—the final has been waived by the joint managing directors on their holding of 70,000 shares each.

The company's activities are in the prefabrication of sheet metal units, press work, machining and toolmaking.

Lincroft Kilgour passes £1m. with 36% rise

TEXTILE AND menswear manufacturers Lincroft Kilgour Group announces a 36 per cent. advance in pre-tax profits from £764,959 to a record £1,040,376 for the year to September 30, 1977, which reflects the continued improvement anticipated by the directors at halfway, when they reported a surplus up £60,000 to £365,000.

Direct exports from the U.K. increased 25 per cent. to a peak £5.15m. at the year end, while a breakdown of turnover and trading profit shows £7.54m. (£5.69m.) and £657,289 (£429,781) from processing and distribution of cloth and £4.8m. (£4.16m.) and £384,493 (£184,891) from menswear manufacturing.

Stated earnings per 10p share are higher at 18.78p (10.37p) and a final dividend of 2.14p lifts the total to the maximum permitted 3.49p (3.1p) net, which includes a 0.03p payment in respect of the previous year.

	1976-77 £	1975-76 £
Turnover	12,340,262	9,846,151
Trading profit	1,041,782	614,672
Investment income	38,344	33,976
Loan interest	29,189	51,431
Exchange deficit	10,561	*167.762
Profit before tax	1,040,376	764,959
Tax	130,977	260,812
Net profit	909,399	504,347
Minority interests	9,360	7,389
Extraordinary debit	—	13,000
Attributable	900,039	483,958
Dividends	167,238	148,550
Retained	732,801	335,408

* Credit. † After transferring £2,113 (£87,721) to capital reserves.

During the year the group purchased for redemption £82,596 nominal of its 9½ per cent. unsecured loan stock 1977. The profit on redemption of £2,113 has been included as an extraordinary item and transferred to capital reserves. The outstanding balance of the 9½ per cent. unsecured loan stock 1977, being £139,818 nominal, was repaid at par on December 30, 1977.

The upward revaluation of sterling, which has occurred since the end of the year, has resulted in unrealised exchange losses for the group of approximately £70,000 on the basis of exchange rates ruling on January 17, 1978.

A total of £349,780 has been released from deferred tax and added to reserves, in accordance with ED19.

First half drop at B. Boulton

TAXABLE PROFIT of Burt Boulton Holdings declined from £645,600 to £628,100 in the half year ended September 30, 1977, on turnover down from £18.22m. to £17.89m.

Directors say the poor demand for timber and its products coupled with the increasing sterling value will adversely affect second-half trading results, and say it is likely that total profits will be somewhat less than last year's £1.03m.

The higher value of stocks in the period led to increased borrowings which were partially offset by lower interest rates. The interest bill climbed from £307,500 to £363,900.

Profit of the timber company showed only a slight reduction. Shipments of softwood were delayed and bunched in August and September leading to temporary high stock levels.

The U.K. and Italian road surfacing companies suffered from the recession, and in particular the downturn in road maintenance spending by local authorities in the summer.

Savings were made in the period from the reduction of losses of the industrialised building company and the Italian chemical agency business.

The interim dividend is maintained at 3.5p net per £1 share. A 6.5p final was paid last time.

	Half year 1977 £	1976 £
Turnover	17,891,000	18,220,000
Trading profit	1,220,000	1,192,000
Depreciation	234,900	238,900
Interest	363,900	307,500
Profit before tax	628,100	645,600
Taxation	348,700	352,000
Net profit	279,400	293,600
Minorities	—	13,500
Pref. dividend	6,100	6,100
Attributable	273,300	274,000
Ordinary dividends	53,400	53,400
Leaving	219,900	220,600

£0.34m. from Corn Exchange

TAXABLE EARNINGS of Corn Exchange Company in 1977 rose marginally from £316,000 to £335,000. After higher tax of £175,000, against £139,000, however, the net balance was lower at £160,000, compared with £177,000.

Mid-term the pre-tax surplus was up from £134,334 to £174,845.

Earnings per 10p share for the year are shown at 5.67p (6.87p) and the net total dividend is raised to 1.996305p (1.7875p) with a final of 1.01338p.

The activities of the company concern the operation of the London Corn Exchange and management of the club room and offices on the site.

Woolwich chief hopes for stabilised loan rate

BUILDING SOCIETY interest rates should remain stable for the next six months, according to Mr. Alan Cumming, chief general manager of the Woolwich Equitable Building Society.

Before last week's cuts in interest rates, the societies had been taking in too much money, he said, and even the latest change had not completely punched the excess.

The societies could have cut their rates even lower and still taken in enough money to meet most mortgage demands.

"We have had to strike a compromise between a commercial rate of interest and being fair to our investors. To have made larger cuts would have destroyed the balance."

Mr. Cumming was speaking in London, where he announced end-year figures for the Woolwich, Britain's fifth largest society. In 1977 the society grew by 23 per cent. and lent £400m. on 41,000 properties.

For 1978, it was hoped £475m. would be lent on about 45,000 properties.

Looking ahead over the next year, Mr. Cumming said he thought both borrowers and investors wanted to see stability in interest rates.

LEEDS GROWTH

Yesterday, Leeds Permanent Building Society decided to publish calendar figures, although its normal allocating period is to September 30 and the 1976-77 results have already been given.

For the whole of 1977, receipts rose by £232m. to £956m., while home advances were £24.43m. more at £398.78m. Assets stood at £2bn. (£1.66bn.).

At the year end reserves stood at £83.86m. or 4.17 per cent. assets, and liquidity at £417.47m. represented 20.75 per cent. of assets.

Warner Estates upsurge

After reporting a £60,486 rise to £388,389 in midway profits, Warner Estate Holdings finished the year to September 30, 1977 with a record pre-tax surplus of £...250, compared with £724,538. turnover increased from ...m. to £4.98m.

A final dividend of 1.3633p net lifts the total to 2.6633p (2.8452p) from maintained earnings of 4p per 25p share.

Tax took £400,581 (£319,604) and after extraordinary items, attributable profit was higher at £...250 against £420,540.

Ericsson wins ...5m. orders

L. M. ERICSSON has won orders totalling $27m. (£15m.) for computer-controlled telephone exchanges from Spain and Denmark, conventional telephone equipment from Guinea-Bissau and radar equipment from Tunisia.

Bland Payne's joint venture in Brazil

Agreement has been reached between Bland Payne and Brasilinvest SA, a Brazilian merchant bank, to merge the two groups' existing insurance broking interests in Brazil.

The new business will be carried on in the name of Brazilinvest-Bland Payne, which will be owned 46⅔ per cent. by Brasilinvest, 33⅓ per cent. by Bland Payne, and the remainder by other local interests.

GEC considers compensation distribution

GEC is considering ways in which it could distribute to shareholders cash received from the Government as compensation for nationalisation of its 50 per cent. share in the British Aircraft Corporation, the company said yesterday.

An interim payment is expected from the Government early next month. So far no negotiations have taken place between GEC and the Government, and the group has no idea what amount the interim payment might represent as a proportion of the final settlement.

Last April GEC announced that a fair commercial acquisition value for the whole of the equity of the BAC Group would be "at least £200m."

MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 6¼ per cent. (since January 6, 1978)

Fairly large tax payments were a major factor behind an overall shortage of credit in the London money market yesterday. Apart from the excess of revenue payments over Government disbursements the market was also faced with the repayment of the moderate amount lent to the discount houses last week. On the other hand banks brought forward surplus balances and there was a fall in the note circulation to help the market.

The authorities gave assistance by buying a large amount of Treasury bills from the houses.

Discount houses paid 6-6¼ per cent. for secured call loans at the start, but closing balances were taken at 4¾-5 per cent., suggesting that the amount of help given by the authorities may have been overdone.

Interbank overnight rates also declined, from an opening level of around 6⅝-6⅞ per cent. to 3½-4 per cent. at the close.

Short-term fixed period interest rates were slightly easier in places, possibly as an indication that the increase in the money supply was not as large as may have been feared. Discount houses buying rates for three-month Treasury bills eased to 5 11/16-5 23/32 per cent., but still remain above the trigger point for a reduction in Bank of England Minimum Lending Rate.

Rates in the table below are nominal in some cases.

Jan. 19 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	3½-6⅝	—	—	—	6¾	4½-6¼	—	—	—
2 days notice	—	—	6¼-6⅜	—	—	—	—	—	—	—
7 days or 7 days notice	—	6¼-6 7/16	6¼-6⅜	—	6⅜-6¾	6⅝	6⅛-6⅜	—	—	—
One month	6⅜-6¼	6 5/16-6½	6¼-6⅝	7-6⅝	6½-6¾	6⅝	6 1/16-6⅛	5¾-5 23/32	6¼	6¾-6⅞
Two months	6 7/16-6 5/16	6 5/16-6⅜	—	6¾-6⅝	6 9/16-6⅝	—	6-6 1/16	5 25/32-6 1/16	6 3/32-6 3/16	6¾
Three months	6 5/16-6⅛	6 3/16-6 7/16	6 1/16-6¼	6½-6⅛	6⅜-6⅝	6⅝	6	5 11/16-5 23/32	6 3/32-6 1/16	6⅝-6¾
Six months	6½-6⅜	6⅜-6⅝	6½	6¾-6⅛	6⅝-7	—	—	—	6 3/16-6 5/32	6¾
Nine months	6¾-6½	6¾-6 11/16	—	7⅛-6¾	7¼	—	—	—	—	—
One year	6⅞-6¾	6 15/16-7 1/16	7	7⅛-6⅞	7½	—	—	—	—	—
Two years	—	—	8	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 9-9¼ per cent.; four years 10-10¼ per cent.; five years 10¼-10½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 6 1/16-6⅛ per cent.; four-month trade bills 6¾ per cent. Approximate selling rate for one-month Treasury bills 5 11/16-5 23/32 per cent.; two-month 5¾ per cent.; and three-month 5 23/32 per cent. Approximate selling rate for one-month bank bills 6⅛-6 3/16 per cent.; two-month 6 1/16-6 3/32 per cent.; and three-month 6 per cent. One-month trade bills 6¾-6⅞ per cent.; two-month 6⅝ per cent.; and also three-month 6½-6⅝ per cent.

Finance House Base Rates (published by the Finance Houses Association) 6½ per cent. from January 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 3 per cent. Clearing Bank Rates for lending 6½ per cent. Treasury Bills: Average tender rates of discount 5.8188 per cent.

Europe re-emerges as Caravans' mainstay

IN THE YEAR 1976-77, which had as its main feature the re-emergence of the European companies as the mainstay of profits, the financial strength of Caravans International improved substantially with net tangible assets per share going up from 88.32p to 112.84p.

The strong performance of the European companies, which over the last four years have recovered from losses of £783,000 to a record contribution of £3.52m. in 1976-77, was primarily due to the response of management following the wide ranging reorganisation which the then prevailing conditions made necessary in 1974; and to rather more favourable market conditions in Europe, explains Mr. S. Alper, chairman.

In South Africa the reverse has been the case with profits collapsing from £1.56m. in 1974-75 to only £63,000 in 1976-77. The chairman says that the market here was severely reduced by economic and political conditions, by the week-end restriction on petrol purchasing, and by the switch of consumer spending to recently introduced television. To meet the changed conditions there has been some costly reorganisation and scaling down, and this is also reflected in the result.

The aggregate result for the year ended August 31 1977 was a jump of 80 per cent. from £2.09m. to £3.76m. in group pre-tax profit on sales 38 per cent. to the good at £61.71m. Margins went up from 4.7 per cent. to 6.1 per cent. An analysis of sales and trading profit—£3.75m. against £2.17m.—shows (£000's omitted): European companies £55,267 (£36,505) and £3,518 (£1,122); and South African companies £6,438 (£8,068) and £63 (£946). The New Zealand associate contributed £172,100 (£98,300) to the profit.

Referring to the low tax provision of £1.34m. the chairman says that this was made possible because there were trading losses brought forward in the U.K. for tax purposes. These amounted to some £1.1m. and a settlement was reached with the inland revenue under which certain past trading losses amounting to some £300,000 have also been allowed for U.K. tax purposes and there remains losses of £200,000 to be carried forward.

Referring to the U.K. companies the chairman says that the year can best be described as one of carefully controlled expansion after the severe cutbacks of the previous two years.

CI Caravans of Newmarket earned a substantial profit. Its home market sales rose due to an increase in the market share. CI Bluebird lifted its production of static holiday caravans and its sales to the home and export markets. In overall terms the group's U.K. manufacturing and trading companies increased their sales to the U.K. market by 57 per cent. and export sales by 63 per cent.

The German companies had a very successful year. Their sales to the German market went up by 63 per cent. and export sales by 45 per cent.

Looking at overall group prospects for the current year Mr. Alper says that he is confident group results for the first six months will exceed those of the same period of the previous year. However, in view of the present economic background and difficulties created in the market by other manufacturers' "over-stocking," the directors feel that they should not attempt to forecast for the full year.

The group's balance sheet at August 31 showed stocks up from £9.39m. to £13.46m.

Meeting Great Eastern Hotel, EC, January 26 at noon.

Scottish Provident bonus

Scottish Provident Institution has declared record bonus levels on all classes of with-profit contracts in respect of the three years ending December 31, 1977.

On ordinary individual life and endowment contracts, including the flexible endowment, the rate is £5.00 per cent. per annum of the sum assured and attaching bonuses, compared with the previous £4.30 per cent. and the 1977 interim rate of £4.70 per cent.

On self-employed and "E" type pensions (for executives) the rate is lifted to £6.40 per cent. per annum compound compared with £5.00 per cent. at the last declaration and £6.00 per cent. for the 1977 interim. The Simplified Pension Investment Plan (SPI) rate is 107½ per cent. of guaranteed increments compared with 90 per cent. at the previous declaration and an interim rate of 100 per cent.

The company has also improved as from January 1, 1978, its claims bonus rates paid when a policy becomes a claim from death maturity or surrender, the rates on the policies in force for the longer periods being significantly lifted.

The new scale ranges from 1 per cent. for policies taken out in 1966 to 65 per cent. for those effected in 1939 or earlier. The previous maximum was 50 per cent.

Mr. Joe Macharg, general manager of SPI, stated that the past triennium had been an excellent one for the company's policyholders and he looked forward to the future with confidence. Whatever the variations in the financial markets, the company aimed to give policyholders first class value for money.

However, the company has kept the interim bonus rates for 1978 at the same level as in 1977, that is somewhat lower than the declared rate for 1977. Mr. Macharg pointed out that interest rates had been historically high due the past triennium and it would be imprudent to expect them to continue.

NEW LIFE BUSINESS

Marine & General rise

Marine and General Mutual Life Assurance Society reports new annual premiums for 1977 up by 14 per cent. to £882,000 from £776,000, well above the average for life companies in general.

Most of this growth came from the company's new pension scheme Design for Retirement launched last year which sold £86,000 of new annual premiums. Previously the company sold very little pensions contracts.

Ordinary individual life business advanced slightly with new annual premiums up to £761,000 from £750,000.

In contrast the company's net annuity considerations, mostly individual annuities, were well down last year at £1.67m. from £2.05m. in 1976, despite the company being among the leaders for annuity rates throughout 1977. This fall, which was experienced by the life assurance industry in general, reflected the fall in rates arising from the general decline in interest rates.

WORLD WIDE ASSURANCE

New premiums for World-Wide Assurance Company advanced from £317,735 to £1,141,040, for new sums assured of £101,196,012, compared with £30,342,219.

Scheme to defer capital gains tax

A scheme to take advantage of the extension of provisions for rolling over liability to capital gains tax on the sale of shares in private companies has been devised by Pointon York, the Leicester and Nottingham based firm of insurance brokers.

Developed from earlier arrangements applied where a controlling shareholding was sold, this scheme enables owners who are prepared to dispose of 25 per cent. or more of the equity of their company for paper to defer their capital gains tax liability until they sell that paper in turn.

Having increased the capital of their company by a third by the issue of non-voting shares, such owners effectively exchange the new shares (which end up in the hands of an institution which specialises in such stakes), for units in the trusts of one of Britain's biggest unit trust groups. The institution ends up with non-voting shares providing a high minimum dividend; the owner ends up with a more marketable investment; and the unit trust group makes substantial sales. The scheme has already been used by some companies.

SHARE STAKES

Maple and Co. (Holdings)—D. I. Swaffer advises that he has sold the 425,000 of his personal holding of shares. He also states that when agreement was reached on November 28 for Black and Edgington to buy the capital of C. Groom, control of the holding of the 200,000 shares owned by Groom effectively passed to them.

Anglo American Asphalt—W. and J. Glossop has bought 100,000 shares and is now interested in 379,150 (8.42 per cent.).

LEGAL NOTICES

In the HIGH COURT OF JUSTICE (Chancery Division) Companies Court. In the Matters of No. 0068 of 1978 ELECTRIC CINEMA CLUB LIMITED and No. 0069 of 1978 POSTER CITY LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding up of the above-named Companies by the High Court of Justice were on the 9th day of January, 1978 presented to the said Court by the Commissioners of Customs and Excise [illegible] and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 13th day of February 1978 [illegible]

R. KRIKORIAN, King's Beam House, [illegible] Solicitor for the Petitioners.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. [illegible]

No. 0061 of 1978. In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of TRINITY SITE CLEARANCE COMPANY LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the [illegible] day of January 1978 presented to the said Court [illegible]

ROBBINS OLIVEY & LAKE, 218 Strand, London WC2R 1AU. Agents for: CLARKE NORRIS & PUPPER of Romford, Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. [illegible]

No. 0092 of 1978. In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of BULLINGDON HOUSE WINE CO. LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the [illegible] day of January 1978 presented to the said Court [illegible]

TROWER, STILL & KEELING, 5 New Square, Lincoln's Inn, London, W.C.2. [illegible] Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. [illegible]

No. 0087 of 1978. In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of BRENNAN AND KENTISH LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the [illegible] day of January 1978 presented to the said Court [illegible]

BRABY & WALLER, [illegible] Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. [illegible]

SHAREHOLDERS OF THE BURSTON GROUP LIMITED (IN LIQUIDATION)

[illegible]

R. N. D. LANGDON, LIQUIDATOR

PERSONAL

IS YOUR HOUSE TOO LARGE? [illegible]

CLUBS

EVE, 189 Regent Street, 734 0557. [illegible]

GARGOYLE, 69 Dean Street, London, W.1. [illegible]

ART GALLERIES

COLNAGHI'S, 14 Old Bond St., W.1. [illegible]

EXHIBITION OF FINE PAINTINGS [illegible]

ASSOCIATED PAPER INDUSTRIES LIMITED

Summary of Results

Year ended 1st October, 1977

	1977	1976
Turnover	£32,903,170	£26,786,641
Profit (loss) before taxation	£1,799,147	(£436,298)
Ordinary Dividend...	£257,253	£133,574
Earnings (loss) per 25p share	10.2p	(2.6p)
Dividend per 25p share	2.8871p	1.5p

- Substantial recovery: Pre-tax profit £1,799,147 (£1 million earned in second half year).
- Dividend return to maximum allowed.
- Profits reflect benefits from extensive capital investment and product developments which are continuing.
- Exports up £1 million to £2,263,393.
- Main Board changes: J. A. Graham now group managing director. W. H. C. Bailey CBE deputy chairman and W. Q. C. Mackenzie FCA financial director.
- Further improvement in profits expected this year provided demand in the home market increases as anticipated.

The above figures are subject to completion of audit. The directors' report and accounts will be circulated to shareholders on 24th February, 1978 prior to the Annual General Meeting on 21st March, 1978.

BIDS AND DEALS

Consortium offers £17.5m. for London Sumatra

BY JAMES BARTHOLOMEW

A CONSORTIUM including Rothschild Investment Trust, McLeod Russel and Sipef SA last night announced a £17.5m. cash bid for London Sumatra, a plantation company managed by overseas traders Harrisons and Crosfield.

The consortium has described its bid as part of its opposition to the "creeping control" which it claims Harrisons and Crosfield has engaged in by building up a network of cross-holdings among 17 plantation companies.

Rothschild Investment Trust at present own 10.9 per cent. of London Sumatra. It fears that its stake is being endangered by a bid that Harrisons and Crosfield is making for Harcros Investment Trust which owns about 10 per cent. of London Sumatra.

If Harrisons and Crosfield obtained Harcros, its direct stake in Sumatra would rise to about 30 per cent.

Moreover, other holdings, of Harcros 70 per cent. of whose investments are in Harrisons and Crosfield related companies, would increase the group's control of indirect stakes in London Sumatra which are believed to amount to a further 13 per cent.

The bid for London Sumatra is to be made by a company created for the purpose, which will be owned 45 per cent. by McLeod Russel, 45 per cent. by the Belgian Sipef SA, and 10 per cent. by Rothschild Investment Trust.

The Trust's smaller percentage is due to its investment trust status but it is playing a bigger part than its partner in financing the bid.

The new vehicle will be loan-financed to 50 per cent. by RIT for the purposes of the bid. The other two consortium members will each provide 25 per cent.

The terms of the offer are 110p per share in cash. Last night London Sumatra closed at 98p, up 5p.

The consortium has been opposing Harrisons and Crosfields bid for Harcros by buying 12 per cent. of the shares in the market at above the price offered by Harrisons and Crosfield.

Rothschilds, the merchant bank, and McLeod Russel had to give way in two previous battles with Harrisons and Crosfield. Last year Rothschilds advised Genting Highlands, a Malaysian plantation company, which unsuccessfully opposed the amalgamation of three other plantation companies under the wing of Harrisons and Crosfield. The "three sisters" now constitute Harrison Malaysian Estates. On Tuesday, McLeod Russel dropped a bid it had made for Malayalam Plantations, an Indian company with both tea and rubber interests, for which Harrisons and Crosfield is offering a rival £8.1m.

Premier moves buying into North Sea Piper Field

BY RAY DAFTER, ENERGY CORRESPONDENT

At a cost of some £839,000, Premier Consolidated Oilfields has bought a stake in the North Sea Piper Field which should assure the group of a gross income of £2.5m.

The interest has been acquired from SFE North Sea Holdings, a subsidiary of Societe Financiere Europeenne. The principal asset of North Sea Holdings is an entitlement to receive part of the oil produced from the 20 per cent. interest of Thomson North Sea in the field. This arises as a result of the financing arrangements for part of Thomson's share in the field's development costs; Societe Financiere Europeenne Finance Company was one of a consortium of financial institutions which provided finance.

Premier's new entitlement, gained from North Sea Holdings, is 11 per cent. of 2.5 per cent. of Thomson's production, up to a total field output of 642m. barrels.

Premier, a British independent oil company, has estimated that on the basis of current oil prices, the sale proceeds from the entitlement would be $4.77m. (about £2.48m.) including £246,000 already received.

After payment of attributable Petroleum Revenue Tax it is expected that gross proceeds will amount to some $3.33m. (£1.84m.).

Although Piper has been producing oil at a faster rate than expected, the information gained from the most recent wells has led consultants to downgrade the amount of recoverable reserves from 642m barrels to 618m. barrels. The field's operator, Occidental, has said that more information will be gained with further drilling.

Premier said yesterday that the acquisition would provide the group with additional cash flow as well as an opportunity to expand exploration activities in the North Sea. The concept is attractive because Corporation Tax related to the oil entitlement can be offset by exploration expenditure.

The group first became involved in North Sea exploration eight years ago. In the spring of last year it acquired Ball and Collins (Oil and Gas) which also has offshore interests. The expanded Premier group has participated in five North Sea wells and two onshore U.K. wells, all of which have been uncommercial.

'WAIT' ADVISES LAIC BOARD

Shares of London Australia Investment Company, the Sydney-based investment trust which is only quoted on the London market, gained 3p to 110p, yesterday following publication of the formal offer document from Colophonium Pty., its biggest shareholder.

Colophonium, a partnership between a subsidiary of Hooker Corporation, and company owned by Melbourne solicitor Mr. P. N. Yunghanns, is offering A$1.30 in cash for each LAIC share, equivalent (allowing for inclusion of the benefit of the investment currency premium at current rates), to just over 100p per LAIC share. At the same rates, LAIC's share price ahead of the offer was equivalent to 78p. Shareholders are urged in the offer document to accept without delay. However, subject to certain provisions, it remains open for acceptance until March 19. Latest word from LAIC's Board is that shareholders should do nothing—neither accept nor sell in the market—until they have been given the Board's views.

RAYBECK

Raybeck has completed the purchase of Bon Marché (Wood Green) for £2.65m. cash. The acquisition is with effect from November 12, 1977. Full details will be circularised in due course.

Crystalate plans expansion

The electronic components and plastic moulding group Crystalate (Holdings) yesterday revealed that it may shortly announce bid terms for a private electronics company. At the same time the group published its prospectus for a £400,000 rights issue.

Mr. John Leworthy, Crystalate chairman, declined to name the company concerned but said that a tentative price had been agreed and that talks were at an advanced stage. He said that the new acquisition—if it succeeds—could increase profits and turnover from the electronics equipment division by 50 per cent.

Trading profits from electronics, in the last annual accounts, also published yesterday, were £431,000 in the year to October, 1977—out of total group pre-tax profits of £522,000 (£357,000) and compared with electronics' profits of £210,000 in 1976.

Group turnover last year increased by 36 per cent. to £5.2m. despite a drop in demand for plastic mouldings, reflecting lower orders from the Post Office—the group's largest customer.

The terms of the rights issue are one new 5p Ordinary share, priced at 10p, for every two held. Loan stock holders are offered comparable terms while the offer is subject to shareholders' approval at an EGM on February 10.

The group says that a stronger capital base will assist its plans for new acquisitions and in particular the bid proposal currently under review—for a "relatively substantial" electronics company.

The cash raised will enable an "appreciable reduction both in borrowings and in the burden of interest." Total bank debt at January 13 was £339,466 compared with £601,000 in the last accounts. But the group said that the underlying level of debt was rising to finance higher working capital and stock requirements as electronic orders increased.

The group—with Treasury permission—is proposing to double its dividend payments to 1p gross (0.66p net) as part of the rights issue package.

The issue is underwritten by Hedderwick Stirling Grumbar, the group's brokers and dealings in the new shares are expected to start on February 13.

TOWER PRODUCTS ASKING FOR $15 A SHARE

It looks as if Dickinson Robinson Group, the U.K. paper and packaging combine, is going to have to pay $15 a share if it wants to go ahead and buy the American flexible packaging group Tower Products.

Yesterday, Tower's directors made it clear that this was the figure discussed during preliminary talks between the two sides, and that it was this figure which had won their endorsement "in principle" to the sale.

Earlier this week DRG confirmed that talks had been on, but refused to be drawn over Tower's claim that the price would be "substantially above" the $4 at which shares have been changing hands in "over the counter" deals in recent weeks. DRG would only say that over the counter sales are no true guide to a company's worth.

And so it seems Tower is is obviously holding out for $15 and throwing the weight of its Board's 42 per cent. share stake behind it.

On the other hand whether DRG will want to pay £4.65m. for a company with an over the counter value of £1.24m. must wait for the next DRG Board meeting early next month.

MR. BENEY TO JOIN ASSOCD. SPRAYERS

Mr. Richard Beney, chairman of White Child and Beney, which became a subsidiary of brewers Arthur Guinness last February, is set to become chief executive of Associated Sprayers. His appointment is expected to be confirmed at a Board meeting to-day.

The move follows a build-up of Mr. Beney's stake in Associated Sprayers in recent weeks. An announcement made yesterday shows that, with shares already acquired, and including an option to acquire a further 200,000 shares on or before May 2, 1978, his holding will amount to 746,875 shares, of 20.56 per cent. of the company. Roughly two-thirds of these shares have been acquired from family interests, who still retain a holding of some 900,000 shares. The remainder has been bought through the Stock Market.

Mr. H. E. Newton-Mason, the current Associated Sprayers chairman, said yesterday that there was no question of a full scale bid being made for the company by Mr. Beney, who is presently out of the country. He added that the current Board was "very happy with introduction of a man like Mr. Beney, with a proven track record, to the Board."

RESTRUCTURE OF WCP MINORITIES

The directors of Westminster and Country Properties have concluded arrangements with Mr. A. E. Leach and Mr. R. E. Gilbert—the holders of the 25 per cent. minority interest in, and directors of the subsidiary Regal Industrial Estates and Regal Construction Company—for the restructure of the Westminster and Country Properties group interest in those companies.

There will be no material effect on the net assets or profits of the WCP group. Profit available for distribution will be unaffected.

LOAN FOR SEMA

Technical Development Capital has agreed to advance £20,000 in convertible loan to Sema Electronics, which is based in Irvine, Ayrshire. The loan will be utilised for expanding production facilities.

Oil companies backed UDI, says Lonrho

FINANCIAL TIMES REPORTER

MAJOR international oil companies had conspired to back the Rhodesian Government in its decision unilaterally to declare independence in 1965 and to sustain it ever since, it was alleged in the High Court yesterday.

The charge was made by Mr. Robert Wright, QC, counsel for Lonrho, which is suing 29 oil companies for about £100m. in damages for lost royalties.

It alleges that the oil companies broke a 1962 agreement to supply Rhodesia with oil exclusively through Lonrho's pipeline between the Mozambique port of Beira and the Rhodesian border town of Umtali.

Two oil groups, Sell and BP, are attempting to block public court action against them and have the dispute dealt with in private, by arbitration. Lonrho is opposing this move.

Mr. Wright told Mr. Justice Brightman that Lonrho and its Mozambique-Rhodesia pipeline subsidiary, the Companhia do Pipeline Mocambique/Rhodesia, made two charges of conspiracy against the oil companies

They said that before UDI the companies, with intent to injure Lonrho, had conspired to assure the Rhodesian Government that sanctions would not be effective and that oil would continue to be supplied—even after UDI and even if Lonrho's pipeline was closed.

After UDI the oil companies had conspired, with intent to injure Lonrho, to supply Rhodesia with oil and sustain the illegal regime.

Mr. Wright said: "The main purpose of the oil companies was to support UDI. We say that in doing that they also intended to harm us."

Shell and BP have argued that Lonrho's action is basically for alleged breach of contract and is covered by an arbitration clause in the 1962 contract.

Mr. Wright said yesterday that the issue of conspiracy, which would not be a matter for arbitration, was interlinked with that of breach of contract. It would be inappropriate to deal with part by arbitration and part by a court action.

The judge has been told that Lonrho and its pipeline subsidiary want to add to the 29 defendants another wholly-owned subsidiary of Shell and three individuals—two present or former officers of Shell and a former officer of various BP subsidiaries. They have not yet been publicly named.

The hearing continues to-day.

Metric schools way ahead of industry

AN MP is to urge Mrs. Shirley Williams, the Education Secretary, to make sure that both metric and imperial units are taught in schools. Mr. Andrew MacKay, Tory MP for Stechford, said: "It is apparent that in many industrial firms the change to metrication may not arrive for 30 years.

"Yet children are leaving school with only metric units in their heads, only to find on their first day that imperial units still apply in many firms.

"At present, the education system is way ahead of the outside world. We are allowing children to leave without any knowledge of the imperial unit, which they will need in everyday life, and in many jobs for many years to come," he said.

A survey in the Midlands by a head of mathematics at a Birmingham comprehensive school concludes: "It is not now usual to teach, or remind even, older pupils of imperial units, partly because of the fear of confusion just before their examinations. Confusion is left now until their first working day."

Rate rise held below 8%

THE Derbyshire County Council has agreed on a rate rise of less than eight per cent. next year—the lowest for five years—because economies have been successful.

The increase, which takes the county rate up to 89p in the pound, has been agreed by the Conservative-controlled council's policy sub-committee and will add 14p a week or £7.50 a year to the average domestic bill.

AAC

THE SOUTH AFRICAN LAND AND EXPLORATION COMPANY LIMITED

(Incorporated in the Republic of South Africa)

EXPLORATORY DRILLING PROGRAMME

In respect of the drilling programme in the area to the south and south west of the mine workings, the following borehole result relating to borehole SWP 1 (second intersection, i.e. the first short deflection) is announced. The result of the first intersection, repeated below for information, was contained in the Company's announcement published on December 16, 1977

Borehole SWP. 1 is situated in the claim area on the farm Witpoortje 117 I.R., approximately 3 390 metres west north west of the south west corner of the mining lease. Drilling commenced in the latter part of 1976, and is continuing. The results of the second short deflection are expected later this month and thereafter a long deflection with ancillary short deflections will be drilled

Main Reef Leader

	Depth Metres	Corrected Width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
1st Intersection	3 165	71.3	0.83	59	0.03	3.68
2nd Intersection (1st Deflection)	3 064	83.9	0.45	38	0.07	6.29

Core recovery was complete.

In regard to the other borehole SRK.1 also started in the latter part of 1976, drilling is continuing. SRK.1, on portion 10 of the farm Rooikraal 156 I.R., the mineral rights of which are held by the Company, is situated approximately 3 700 metres south south west of the south west corner of the mining lease.

Johannesburg
January 20 1978.

Harmony Gold Mining Company Limited

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

Announcement to Shareholders—Merriespruit No. 2 Shaft

The board of directors wishes to announce that the Merriespruit No. 2 shaft has developed extensive damage in the Karroo Shale Zone from 224 metres below surface to 280 metres. This was revealed in an examination of the shaft by means of closed-circuit television.

The shaft is of circular concrete-lined construction, 1,120 metres deep, and is used for upcast ventilation purposes. It is not equipped for winding and is therefore not inspected on a regular basis, as are other shafts.

The shaft was sunk in 1954 and its design incorporated 0.45 metre gaps in the concrete lining at 4.57 metre intervals to allow for subsequent installation of shaft equipment if required. This practice is not unusual but the incompetent nature of the strata has resulted in the spalling of the rock exposed in the unlined gaps in the shaft. With time this spalling apparently extended to behind the concrete rings causing large sections of the shaft sidewall to collapse.

After detailed consideration of the possible procedures to safeguard the upcast facility, it has been decided to sink a new ventilation shaft. This shaft, with a final depth of 990 metres, will be sited near the damaged No. 2 shaft. It will be 7.34 metres in diameter and will be lined throughout.

The estimated cost of the new shaft is R3.5 million and it should take approximately 15 months to sink it and install the fans on surface. With the present gold price trend this expenditure can be funded from available resources without diminishing the dividend indication given in the most recent chairman's statement.

The effect of a possible adverse result on production if the existing shaft should collapse before the new arrangements have been completed are being catered for by providing temporary upcast facilities through the recently commissioned No 3 shaft.

Johannesburg

20 January 1978

Investment Trust Review

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The opinions expressed by contributors to this Review are their own and should not be assumed necessarily to reflect those of the Association

Disequilibrium in the investment trust market

by D. H. Maitland

Managing Director, Save & Prosper Group Limited

estment Trust Units, set in 1937, is Save & Prosper's jest unit trust. Designed to est in the investment trust rket, it currently owns 5m. of investment trust npanies' stock, some 4 per t. of the sector. The trust resents a quarter of Save & sper's total unit trust in-sts. It follows that a fully ctive and well-balanced in-tment trust industry is an ntial element in our tegy.

aye & Prosper's objective achieve for its unitholders he long run the maximum l return from ITU's hold-s in the investment trust or. Total return is made of dividends to the share-lers and growth in invest-t trust share prices. The ntion of this article is to uss both of these two nents, but in particular the elopment in recent years high levels of discount on asset values which have lted in relatively poor re price performance.

Income Growth

n the early days of invest-t trusts, managers tended udge themselves on income wth; indeed the original ective of borrowing was to nvest in stocks yielding re than the cost of loan ser-ng. The emphasis later tched to capital perform-e of underlying assets and ny investment trusts went capital growth at the ex-se of their income distri-tions. Consequently there a period during which the record of dividend growth compared unfavourably with the portfolio performance measured in net asset value terms.

One reason for this may have been that the private shareholders who used to own the majority of investment trust ordinary shares, were thought to be taxpayers at more than the standard rate and less interested in yield. The rise of the institutional shareholder has undoubtedly contributed to the recent change of attitude by managements, and the yield relative to the F.T. All-Share Index has risen significantly, helped partly by an improvement in dividend growth of the underlying foreign assets caused by the depreciation of sterling in 1976, and partly by a significant step up in the pay out ratio of most trusts. Investment trusts' dividends, which are not subject to Government limitations, are currently increasing at between 18 and 20 per cent. over 1976 levels.

Thus there has been substantial progress in recent years at providing the first element of total return—dividends to shareholders.

Share Prices

Before considering share price performance, it is necessary to review the performance of the underlying assets of investment trusts. The actual portfolio growth within the sector has by and large been satisfactory. On a net asset basis, apart from one period between 1973 and 1974 when many trusts were caught with severe foreign currency loan problems, the industry has produced results as good as if not better than other investment managers. Many trust managers have shown particular expertise at overseas investment, notably in the United States and more recently in Japan, and also in certain specialised areas within the U.K. market. Portfolio performance has also been enhanced by the ability to gear, although interest rate structures have caused this to be a declining factor.

Unfortunately the net asset value performance has not been transmitted into share prices and the margin between the two has widened (discounts reaching 45 per cent. at one time in 1976) to the great disadvantage of shareholders. We believe that the Boards of Directors of investment trust companies owe a duty to their shareholders to take all steps within their capability to narrow discounts, so that share prices reflect portfolio performance. Whilst some level of discount against going concern values may persist, the objective should be to eliminate any discount against realistic break-up (net liquidating) values.

This objective or yardstick for Boards of Directors needs further explanation. Realistic break-up values must take into account capital gains tax liabilities, realistic disposal prices for unquoted securities and exceptionally large holdings and some allowance for expenses. They must also assume paying out prior charges at par. The sum of these items will still leave a significant discount against going concern valuations, probably of the order of 10-15 per cent.

In the case of industrial companies, break-up values are often irrelevant for a variety of social/economic reasons. But this line of argument has doubtful validity for investment trusts which are a medium for investment. It could have some merit if the break-up yardstick pointed to the total destruction of the investment trust industry. But the issue under discussion is the return to full effectiveness of investment trusts, certainly not whether they have a role at all. Like any other industry they cannot be immune from some rationalisation and it is in that context that the break-up value objective should be used as a yardstick.

Supply Position

Evidence suggests that the principal reason for the poor price performance is the oversupply of investment trust company stock. At present the total market capitalisation of the sector is over £4bn. (5.8 per cent. of the total U.K. market) and, although mergers and takeovers have taken some £300m. out of the sector within the last year it appears that it will require further reduction to establish an acceptable level of discounts. It should be remembered in this context that the level of discount is cyclical and although actual discounts may fall as at present it seems that the long term trend is still rising. It is important that the problem of oversupply is not forgotten during these temporarily better times.

The oversupply of trust shares is due to a number of different factors which have affected both private and institutional investors. Until the end of the nineteen sixties private investors were solid supporters. But having been hit by a falling standard of living generally and disillusioned by rising discounts, they have been net disinvestors from the sector for several years. The capital gains tax relief on selling trust shares may have had an effect in influencing sales of investment trusts rather than other equities.

Institutional investors on the other hand, with large historical holdings in trusts built up at a time when there were few "in-house" foreign investment departments, have found themselves disinclined to pick up the supply from private shareholders, except at "bargain prices." The market reflected this sentiment, and in 1976 the level of discount rose to around 45 per cent. (taking a "going concern" net asset value). Although the discount narrowed by some ten points during the months that followed, this merely reflected the underperformance of overseas holdings and the investment premium against the U.K. stock market. Institutions were not prepared to start purchasing investment trust shares in a meaningful way despite the high level of discount, until the yields on those shares had risen to match the average for the U.K. stock market as a whole. Thus institutions have also shown themselves as more reluctant holders of investment trust shares in recent years.

Wide discounts have inevitably led to bids for investment trusts as pension funds and others see the opportunity both to acquire a high quality portfolio of investments and to increase the value of their existing investment trust holdings. It is true that the bid route for reducing discounts presents dangers, particularly if carried too far. In the first place there is a risk that bidders will buy only the best trusts, at least until the market becomes more sensitive to quality in the levels of discount. Secondly a wide diversity of viable and well run management groups is a valuable element of the stock market as well as of the investment trust industry. The best answer is for Boards of Directors of investment trust companies themselves to take the initiative to solve the oversupply problems, both by reduction of supply and by stimulation of demand. Success within the industry would pre-empt the contraction through bids which otherwise appears inevitable.

New Initiatives

We do not believe it is our job to press specific solutions for individual trusts or management groups. Each will have its own technical structure and relative strengths and these will be much better known by its own directors and managers than by outsiders. There are a number of problems which must be considered by Boards and managers.

Investment trust companies appear too homogeneous. A potential investor is confronted by an enormous number of trusts which seem to pursue much the same policies to achieve similar objectives. There are three points to make.

Firstly management groups often operate several funds with similar objectives. Mergers within management groups, such as that recently achieved by Electra House in merging Globe Investment Trust and Cable Trust, would be a step in the right direction. Despite the size of the sector, it is surprising how few marketable trusts there are, so that consolidation into larger and more marketable vehicles could have a significant effect on discounts.

The argument that trusts should differentiate their products is more complicated. We would not take issue with management groups with more than one fund who tailored their products in terms of high or low yield to meet particular investors' needs. Specialisation for its own sake however has little merit unless the management has developed expertise in a particular field, like North Sea oil.

Thirdly as pointed out earlier in the article we believe that diversity of management groups is essential and more efforts by trust company managements to portray their distinct "image" would be welcome; only too often it seems that like tortoises and sex the only people who can tell the difference are other trust managers. Management groups could consider identifying the names of their trusts with their own names. Investors would then be more easily able to invest in groups with successful records.

There may also be cases where some degree of capital re-organisation should be considered. It may be possible, for example, to move to some re-gearing through the issue of dated preferred stock. Whilst this route would envisage the possibility of shrinkage at a future date, conditions at that time might well be different.

Finally, the expense ratio of investment trusts is an area that often provokes interest amongst institutional investors who have tended to adopt a rather parsimonious attitude towards them. By and large trust companies are run efficiently and the investor ought not to criticise increased expenses if they are matched by a conscious effort on behalf of investment trust directors to improve the total return to shareholders. If such efforts involve liquidating a fund and thereby increasing the expense ratio split amongst other funds, shareholders ought to appreciate that an improvement in overall share prices generated by this kind of corporate activity is well worth the increase in expenses.

Role of Boards

The context in which Boards of Directors should be examining the problem needs to be reiterated. Whereas it is the responsibility of management to set its sights on specific performance targets, it is equally the responsibility of the Board to look after shareholders' overall interests which include, importantly, the share price. Given achievement of performance targets, the Board must then examine what else can be done to attract and retain investors. In the final resort, it must decide whether it is in the best interests of the shareholders to consider partial or complete liquidation or unitisation. The outside directors in particular, should play a more positive part here.

To sum up:—

(1) Shareholders in investment trusts seek a total return made up of increases in dividends and in share prices.

(2) Dividend records are satisfactory but a good underlying asset performance has not been reflected in share prices.

(3) Boards of Directors should seek to ensure share prices are not less than break-up values.

(4) The present imbalance arises from oversupply of investment trust stocks. The solution is a rationalisation of the industry whilst maintaining diversity of management.

(5) If this cannot be achieved constructively, Boards may have to consider a degree of liquidation or unitisation. The inevitable alternative will be take-over bids.

The investment trust industry should not be dismissed as a historical anomaly, but it is at a crossroads. Given acceptance of its problem, positive solutions can be found, for there is surely no shortage of inventive talent within management groups.

A free booklet "Investing in Investment Trust Companies" is available from: The Association of Investment Trust Companies, Park House (6th Floor), 16, Finsbury Circus, London EC2M 7JJ.

Net Asset Values

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	Net Asset Value after deducting prior charges: at market value (7)	Investment Currency Premium (see note g) (8)
				Pence except where £ stated (see note d)			
	VALUATION MONTHLY						
147.7	Alliance Trust	Ordinary 25p	30/12/77	6.35	274.1	282.5	23.6
81.4	Anglo-American Securities Corpn.	Ordinary 25p	31/12/77	2.64	119.8	125.2	11.7
25.3	Capital & National Trust	Ord. & "B" Ord. 25p	31/12/77	*4.0	157.1	160.0	11.9
†	Claverhouse Investment Trust	Ordinary 50p	31/12/77	†	†	†	†
10.4	Crossfriars Trust	Ordinary 25p	30/12/77	3.3	103.7	103.7	–
15.4	Dundee & London Investment Trust	Ordinary 25p	31/12/77	2.3	82.2	83.8	3.8
89.5	Edinburgh Investment Trust	£1 Deferred	30/12/77	6.3	272.1	286.6	15.7
41.5	First Scottish American Trust	Ordinary 25p	30/12/77	2.55	113.3	115.2	10.7
11.7	Grange Trust	Ord. Stock 25p	30/12/77	2.1	101.0	105.0	4.2
68.3	Great Northern Investment Trust	Ordinary 25p	30/12/77	3.45	133.2	135.7	6.5
61.9	Guardian Investment Trust	Ordinary 25p	30/12/77	2.35	104.2	108.7	5.8
84.6	Investment Trust Corporation	Ordinary 25p	30/12/77	5.915	251.1	257.1	26.2
76.1	Investors Capital Trust	Ordinary 25p	30/12/77	1.65	94.1	99.4	11.0
17.6	Jardine Japan Investment Trust	Ordinary 25p	31/12/77	0.7	142.5	142.5	26.3
33.4	London & Holyrood Trust	Ordinary 25p	31/12/77	3.2	143.9	147.5	12.5
23.4	London & Montrose Investment Trust	Ordinary 25p	31/12/77	5.35	235.1	239.3	21.8
44.5	London & Provincial Trust	Ordinary 25p	31/12/77	3.0	137.9	140.4	12.9
101.0	Mercantile Investment Trust	Ordinary 25p	30/12/77	0.95	x50.3	55.1	1.8
	Do. Do.	Conv. Deb. 1983	30/12/77	£4.50	£77.20	£82.70	£2.60
25.2	North Atlantic Securities Corpn.	Ordinary 25p	31/12/77	2.7	112.9	115.8	10.2
48.8	Northern American Trust	Ordinary 25p	30/12/77	2.85	119.5	122.7	11.5
7.7	Save & Prosper Linked Invest. Trust	Capital Shares	30/12/77	–	163.2	163.2	–
114.4	Scottish Investment Trust	Ord. Stock 25p	30/12/77	2.56	120.8	124.6	11.6
53.8	Scottish Northern Investment Trust	Ordinary 25p	30/12/77	2.8	123.8	132.1	7.4
92.3	Scottish United Investors	Ordinary 25p	31/12/77	1.7	103.5	107.2	14.7
48.6	Second Alliance Trust	Ordinary 25p	30/12/77	5.65	233.8	241.9	20.4
3.9	Shires Investment Co.	Ordinary 50p	31/12/77	7.56	152.5	152.5	–
†	Sterling Trust	Ordinary 25p	30/12/77	†	†	†	†
26.0	Technology Investment Trust	Ordinary 25p	31/12/77	2.25	129.4	130.7	10.7
†	United British Securities	Ordinary 25p	30/12/77	†	†	†	†
20.1	United States & General	Ordinary 25p	30/12/77	5.94	240.2	246.4	20.2
83.6	United States Debenture Corporation	Ord. Stock 25p	30/12/77	3.06	112.9	117.0	10.1
	Do. Do.	Conv. Loan Stk. 1993	30/12/77	£5.00	£124.10	£128.70	£11.10
	Baillie Gifford & Co.						
111.5	Scottish Mortgage & Trust	Ordinary 25p	31/12/77	3.0	139.5	141.8	12.6
86.3	Edinburgh & Dundee Investment	Ordinary 25p	31/12/77	3.5	173.7	177.7	16.7
55.5	Monks Investment Trust	Ordinary 25p	31/12/77	1.4	63.2	64.0	5.4
13.9	Winterbottom Trust	Ordinary 25p	31/12/77	4.6	244.8	256.9	25.3
	Baring Bros. & Co. Ltd.						
37.2	Outwich Investment Trust	Ordinary 25p	28/12/77	1.265	64.8	68.4	5.0
38.5	Tribune Investment Trust	Ordinary 50p	14/12/77	12.1	882.1	884.4	121.2
	East of Scotland Invest. Managers						
42.7	Aberdeen Trust	Ord. Stock 25p	31/12/77	4.65	175.2	184.7	12.2
	Edinburgh Fund Managers Ltd.						
58.7	American Trust	Ord. & "B" Ord. 25p	31/12/77	*1.2	56.2	58.3	3.4
12.7	Crescent Japan Investment Trust	Ordinary 50p	31/12/77	†	152.5	152.5	21.5
	Electra House Group						
73.3	Electra Investment Trust	Ordinary 25p	31/12/77	4.3	137.1	138.7	6.9
144.2	Globe Investment Trust	Ordinary 25p	30/11/77	4.1	143.2	143.4	7.9
	Do. Do.	Conv. Loan 1987/91	30/11/77	£5.50	£117.60	£117.80	£6.50
	Do. Do.	Conv. Loan 1985/90	30/11/77	£6.25	£164.60	£164.90	£9.00
†	Temple Bar Investment Trust	Ordinary 25p	31/12/77	8.5	†	†	†
	Do. Do.	Conv. Loan 1985/90	31/12/77	£5.75	†	†	†
	Do. Do.	Conv. Loan 1987/91	31/12/77	£6.00	†	†	†
	F. & C. Group						
17.5	Alliance Investment	Ordinary 25p	30/12/77	2.45	127.8	132.0	8.9
†	Cardinal Investment Trust	Deferred 25p	30/12/77	†	†	†	†
	Do. Do.	Conv. Loan 1985/87	30/12/77	†	†	†	†
6.0	F. & C. Eurotrust	Ordinary 25p	30/12/77	0.85	60.6	60.6	8.3
†	Foreign & Colonial Invest. Trust	Ordinary 25p	30/12/77	†	†	†	†
27.9	General Investors & Trustees	Ordinary 25p	30/12/77	3.4	139.3	144.0	7.8
	James Finlay Investment Mgmt. Ltd.						
†	Provincial Cities Trust	Ordinary 25p	30/11/77	†	†	†	†
	Gartmore Investment Ltd.						
6.8	Altifund	Income 50p	31/12/77	7.2	102.1	102.1	3.3
	Do. Do.	Capital 50p	31/12/77	0.36	268.9	268.9	3.3
23.8	Anglo-Scottish Investment Trust	Ordinary 25p	31/12/77	1.6	58.2	58.7	3.3
25.2	English & Scottish Investors	Ord. & "B" Ord. 25p	31/12/77	*2.2	90.9	96.3	3.2
6.9	Group Investors	Ordinary 25p	31/12/77	1.7	74.3	77.8	4.6
5.2	London & Gartmore Invest. Trust	Ordinary 50p	31/12/77	0.5	84.3	87.7	5.9
10.5	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	31/12/77	*2.1	92.0	95.5	7.6
21.7	London & Lomond Invest. Trust	Ordinary 25p	31/12/77	2.1	95.2	98.0	4.5
10.9	London & Strathclyde Trust	Ordinary 25p	31/12/77	1.375	51.0	55.0	4.0
12.0	Meldrum Investment Trust	Ordinary 25p	31/12/77	1.75	57.7	57.7	0.2
5.0	New York & Gartmore Investment	Ordinary 25p	31/12/77	0.8	36.6	36.6	2.5
	Gartmore Investment (Scotland) Ltd.						
82.5	Scottish National Trust	Ordinary 25p	31/12/77	3.45	184.8	188.3	16.1
16.9	Glasgow Stockholders Trust	Ordinary 25p	31/12/77	2.05	128.3	132.5	11.4
	John Govett & Co. Ltd.						
79.3	Border & Southern Stockhldrs. Tst.	Ordinary 50p	30/12/77	7.5	379.4	386.7	29.2
35.6	Debenture Corporation	Ordinary 25p	30/12/77	2.75	110.8	113.2	4.9
11.8	General Stockholders Invest. Trust	Ordinary 12½p	30/12/77	1.7	134.3	145.2	14.8
17.9	Govett European Trust	Ordinary 25p	30/12/77	1.8	83.9	83.9	7.6
58.3	Lake View Investment Trust	Ordinary 25p	30/12/77	2.1	118.4	122.3	9.1
	Do. Do.	Conv. Loan 1973/98	30/12/77	£4.00	£157.80	£162.90	£12.10
58.1	Stockholders Investment Trust	Ordinary 25p	30/12/77	2.05	121.3	126.0	10.4
	G.T. Management Ltd.						
15.7	Berry Trust	Ordinary 25p	31/12/77	0.875	73.5	73.5	3.0
	Do. Do.	Conv. Loan 1993	31/12/77	£4.25	£109.40	£109.40	£4.40
‡12.4	G.T. Japan Investment Trust	Ordinary 25p	31/12/77	1.0	x140.1	x138.5	6.6
	Do. Do.	Conv. Loan 1987	31/12/77	£8.50	£86.80	£85.90	£4.10
‡8.6	Northern Securities Trust	Ordinary 25p	31/12/77	3.0	145.9	151.4	9.8
	Hambros Group						
23.3	Bishopsgate Trust	Ordinary 25p	30/12/77	5.25	241.6	250.9	9.6
4.0	City of Oxford Investment Trust	Ordinary 25p	30/12/77	3.0	86.8	89.2	–
45.5	Hambros Investment Trust	Ordinary 25p	30/12/77	3.25	122.6	132.2	6.2
6.3	Rosedimond Investment Trust	Capital 25p	30/12/77	–	120.4	120.4	1.5

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	Net Asset Value after deducting prior charges: at market value (7)	Investment Currency Premium (see note g) (8)
				Pence except where £ stated (see note d)			
	Henderson Administration Ltd.						
‡122.3	Witan Investment	Ord. & "B" Ord. 25p	30/12/77	*1.9	x110.7	116.0	8.7
‡19.5	Electric & General Investment	Ordinary 25p	30/12/77	1.45	91.2	92.3	8.3
5.7	Greenfriar Investment	Ordinary 25p	30/12/77	†	112.2	112.2	7.4
‡8.8	Lowland Investment	Ordinary 25p	30/12/77	2.1	65.6	65.7	1.7
2.2	English National Investment	Prefd. Ord. 25p	30/12/77	1.74	33.3	34.2	–
	Do. Do.	Defd. Ord. 25p	30/12/77	2.06	58.1	61.8	–
	Philip Hill (Management) Ltd.						
19.5	City & International Trust	Ordinary 25p	31/12/77	4.07	123.2	127.9	6.4
10.9	General & Commercial Inv. Trust	Ordinary 25p	31/12/77	4.85	172.1	181.6	7.6
22.4	General Cons. Investment Trust	Ordinary 25p	31/12/77	†	104.9	107.6	4.8
129.6	Philip Hill Investment Trust	Ordinary 25p	31/12/77	6.9	234.5	238.0	5.4
5.0	Moorgate Investment Co.	Ordinary 25p	31/12/77	3.055	98.4	100.8	1.1
37.0	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	31/12/77	7.55	257.0	265.5	18.4
	Ivory & Sime Ltd.						
†	Atlantic Assets Trust	Ordinary 25p	30/12/77	†	†	†	†
101.3	British Assets Trust	Ordinary 25p	30/12/77	2.2	85.2	90.9	9.4
†	Edinburgh American Assets Trust	Ordinary 25p	30/12/77	†	†	†	†
15.1	Viking Resources Trust	Ordinary 25p	30/12/77	0.9	132.1	132.1	9.3
	Keyser Ullmann Ltd.						
11.9	Throgmorton Secured Growth Tst.	£1 Capital Loan Stock	30/12/77	–	–	181.9	–
39.2	Throgmorton Trust	Ordinary 25p	30/12/77	4.0	83.6	87.2	–
	Kleinwort Benson Ltd.						
†	British American & General Trust	Ordinary 25p	30/12/77	†	†	†	†
21.1	Brunner Investment Trust	Ordinary 25p	30/12/77	3.55	126.0	128.8	6.4
30.9	Charter Trust & Agency	Ordinary 25p	30/12/77	2.15	70.9	73.0	5.1
†	English & New York Trust	Ordinary 25p	30/12/77	†	†	†	†
4.1	Family Investment Trust	Ordinary 25p	30/12/77	3.65	92.7	92.7	0.2
2.9	Jos Holdings	Ordinary 25p	30/12/77	2.04	58.6	58.6	1.1
5.9	London Prudential Invest. Trust	Ordinary 25p	30/12/77	2.75	93.5	96.2	5.0
47.8	Merchants Trust	Ordinary 25p	30/12/77	2.6	88.4	91.7	6.9
	Lazard Bros. & Co. Ltd.						
†	Raeburn Investment Trust	Ord. Stock 25p	30/11/77	†	†	†	†
†	Romney Trust	Ord. Stock 25p	31/12/77	†	†	†	†
	Martin Currie & Co., C.A.						
10.2	Canadian & Foreign Invest. Trust	Ordinary 25p	31/12/77	3.85	141.9	145.7	12.8
†	St. Andrew Trust	Ordinary 25p	31/12/77	3.85	†	†	†
92.8	Scottish Eastern Investment Trust	Ordinary 25p	31/12/77	3.75	160.6	166.3	16.8
23.8	Scottish Ontario Investment Co.	Ordinary 25p	31/12/77	4.0	161.8	164.4	17.2
55.3	Securities Trust of Scotland	Ordinary 25p	31/12/77	5.65	217.4	235.9	21.8
†	Western Canada Investment Co.	Ordinary 25p	31/12/77	16.0	†	†	†
	Murray Johnstone Ltd.						
42.1	Caledonian Trust	Ord. & "B" Ord. 25p	31/12/77	*1.6	91.7	93.3	10.8
63.9	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	31/12/77	*1.675	88.4	91.2	10.5
16.1	Glendevon Investment Trust	Ord. & "B" Ord. 25p	31/12/77	*1.65	116.2	118.8	14.3
‡6.2	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	31/12/77	*1.7	90.9	90.9	10.1
16.0	Scottish & Continental Investment	Ordinary 25p	31/12/77	1.2	73.0	73.0	7.6
71.0	Scottish Western Investment	Ord. & "B" Ord. 25p	31/12/77	*1.95	110.3	115.3	12.8
22.9	Second Great Northern Inv.	Ord. & "B" Ord. 25p	31/12/77	*1.76	100.7	104.1	12.6
	Schroder Wagg Group						
20.2	Ashdown Investment Trust	Ordinary 25p	31/12/77	3.4	172.0	178.5	13.5
	Do. Do.	Conv. Loan 1988/93	31/12/77	£4.75	£120.40	£125.00	£9.50
28.6	Broadstone Investment Trust	Ordinary 20p	30/11/77	4.5	187.0	194.8	16.1
	Do. Do.	Conv. Loan 1988/93	30/11/77	£4.50	£124.70	£129.90	£10.80
48.0	Continental & Industrial Trust	Ordinary 25p	31/12/77	5.75	253.7	264.2	14.8
28.9	Trans-Oceanic Trust	Ordinary 25p	31/12/77	4.2	220.5	226.9	17.6
	Do. Do.	Conv. Loan 1988/93	31/12/77	£4.50	£137.80	£141.80	£11.00
12.7	Westpool Investment Trust	Ordinary 25p	31/12/77	2.65	131.4	134.7	10.4
	Do. Do.	Conv. Loan 1989/94	31/12/77	£5.00	£118.20	£121.20	£9.40
	Stewart Fund Managers Ltd.						
†	Scottish American Investment Co.	Ordinary 50p	31/12/77	†	†	†	†
11.8	Scottish European Investment Co.	Ordinary 25p	31/12/77	1.2	49.6	49.6	2.4
	Touche Remnant & Co.						
98.4	Atlas Electric & General Trust	Ordinary 25p	30/12/77	1.6	79.1	82.0	3.6
30.9	Bankers' Investment Trust	Ordinary 25p	30/12/77	2.3	72.7	77.4	3.7
30.6	Cedar Investment Trust	Ordinary 25p	30/12/77	2.5	85.4	87.8	4.3
40.8	City of London Brewery	Deferred 25p	30/12/77	2.4	77.9	82.0	1.1
29.3	Continental Union Trust	Ordinary 25p	30/12/77	2.85	152.4	157.8	10.2
15.3	C.L.R.P. Investment Trust	Ordinary 25p	30/12/77	1.9	89.3	93.2	4.9
170.5	Industrial & General Trust	Ordinary 25p	30/12/77	1.48	68.4	70.6	3.7
36.0	International Investment Trust	Ordinary 25p	30/12/77	2.34	96.1	101.1	5.6
50.3	Sphere Investment Trust	Ordinary 25p	30/12/77	2.9	146.0	150.7	9.2
62.6	Trustees Corporation	Ordinary 25p	30/12/77	4.0	185.5	191.0	7.0
34.8	Trust Union	Ordinary 25p	30/12/77	2.8	133.7	143.0	6.2
	Williams & Glyn's Bank Ltd.						
‡12.7	Sizewell European Invest. Trust	Ordinary 10p	31/12/77	1.5	93.1	93.1	7.0
3.3	Atlanta Baltimore & Chicago	Ordinary 10p	31/12/77	0.5	64.2	64.2	5.7
‡4.0	West Coast & Texas Regional	Ordinary 10p	31/12/77	0.5	78.1	78.1	6.5
	VALUATION THREE-MONTHLY						
11.9	General Scottish Trust	Ordinary 25p	30/12/77	3.0	106.1	108.2	5.8
	Do. Do.	Conv. Loan 1995/2000	30/12/77	£5.50	£134.70	£137.40	£7.40
†	Kingside Investment Co.	Ordinary 25p	31/12/77	†	†	†	†
2.3	Lancashire & London Invest. Trust	Ordinary 25p	30/12/77	1.3625	57.8	57.8	1.6
9.5	London Atlantic Investment Trust	Ordinary 25p	30/12/77	2.67	78.3	79.1	2.6
68.6	London Trust	Deferred 25p	31/12/77	8.0	230.5	246.6	6.7
	Do. Do.	Conv. Loan 1985/87	31/12/77	£6.00	£140.10	£144.30	£3.90
11.0	Safeguard Industrial Investments	Ordinary 25p	31/12/77	3.6	95.3	96.9	–
8.5	Scottish Cities Investment Trust	Ord. & "A" Ord. 25p	19/12/77	8.0	256.6	238.5	5.3
8.1	Wemyss Investment Co.	Ordinary £1	30/12/77	10.75	357.8	357.8	32.2
15.7	Yeoman Investment Trust	Ordinary 25p	31/12/77	6.93	224.6	229.5	7.9
	Do. Do.	Conv. Loan 1993	31/12/77	£4.50	£123.50	£126.20	£4.30
6.3	Young Companies Investment Trust	Ordinary £1	31/12/77	3.5	97.5	97.5	–
	East of Scotland Investment Managrs.						
11.1	Dominion & General Trust	Ordinary 25p	30/11/77	6.75	240.4	249.9	23.3
28.1	Pentland Investment Trust	Ordinary 25p	30/11/77	3.4	150.0	154.3	16.8

[illegible] to Ordinary/"A" Ordinary only. § Includes special dividend. ∝ Adjusted for scrip issue. ∞ Adjusted for rights issue. † Company will announce year-end or [illegible] results shortly. x See note (h) below. ⊕ Not directly comparable with previous published figure. β Dependent on "B" share conversions. ‡ Change in the [illegible] charges since the previous published figure.

Notes:—

Cols. 1, 6, 7 Quoted investments are valued at mid-market prices; unquoted at directors' valuation; both include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

Cols. 1, 6, 7 All revenue account items are excluded.

Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

(d) Cols. 5-8 Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated; columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Cols. 6-7 Prior charges are deemed to include preference share capital.

(g) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for cols. 1, 6 and 7.

(h) Cols. 6-8 Convertible loan/preference stocks are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as unexercised.

Group Gold Mining Companies

(All companies are incorporated in the Republic of South Africa)

Transvaal

Reports of the directors for the quarter ended 31st December, 1977

Vaal Reefs Exploration & Mining Company Limited

ISSUED CAPITAL: 19 000 000 shares of 50 cents each
PLANNED PRODUCTION FOR THE YEAR ENDING DECEMBER 31 1978
Tonnage 7 200 000 Grade 9.0 grams per ton

	Quarter ended Dec. 1977	Quarter ended Sept. 1977	Year ended Dec. 1977
OPERATING RESULTS			
GOLD			
Tons milled	1 809 000	1 839 000	7 165 000
Yield—g/t	8.79	9.34	8.95
Gold produced—kg	15 903	17 183	64 126
Revenue per ton milled	R43.87	R37.08	R37.09
Cost per ton milled	R27.85	R27.32	R26.75
Profit per ton milled	R16.02	R9.76	R10.34
Revenue	R79 358 000	R68 184 000	R265 737 000
Cost	R50 372 000	R50 239 000	R191 658 000
Profit	R28 986 000	R17 945 000	R74 079 000
URANIUM OXIDE			
Tons treated	1 287 000	1 192 000	4 786 000
Yield—kg/t	0.20	0.22	0.21
Oxide produced—kg	259 794	267 591	1 016 955
Profit on sales	R8 774 000	R2 677 000	R16 950 000
FINANCIAL RESULTS			
Working profit—Gold	R28 986 000	R17 945 000	R74 079 000
Profit on sale of:			
Uranium Oxide	8 774 000	2 677 000	16 950 000
Sulphuric Acid	18 000	16 000	68 000
Net sundry revenue*	2 321 000	1 479 000	3 883 000
	40 099 000	22 117 000	94 980 000
Deduct:			
Royalty to Southvaal Holdings Limited—estimated	3 368 000	2 805 000	8 462 000
Profit before taxation and State's share of profit	36 731 000	19 312 000	86 518 000
Taxation and State's share of profit—estimated	4 191 000	4 702 000	14 258 000
Profit after tax and State's share—estimated	R32 540 000	R14 610 000	R72 260 000
Capital expenditure	R21 236 000	R8 226 000	R42 232 000
Dividends declared—amount	R11 400 000	—	R21 850 000
—per share	60 cents	—	115 cents
Loan Levies—estimated	R428 000	R309 000	R1 509 000
CONSOLIDATED PROFIT			
Estimated consolidated profit after taxation and State's share of profit of the company and its wholly-owned subsidiary, Western Reefs Exploration and Development Company Limited	R32 534 000	R14 618 000	R72 270 000

* Includes net expenditure of R107 000 for the quarter (September 30 1977: R121 000) being the company's share of net operational costs in terms of the tributing arrangements with Buffelsfontein Gold Mining Company Limited.

DEVELOPMENT
VAAL REEF SHAFT AREA

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
No. 1 (North)	3 872	230	24.1	75.10	1 810	2.20	52.97
No. 2 (North)	4 717	630	78.1	31.46	2 457	0.49	38.59
No. 3 (North)	1 431	136	17.2	67.85	1 167	1.80	31.01
No. 4 (North)	4 303	382	17.9	65.47	1 172	1.13	20.16
No. 5 (North)	6 144	280	38.3	53.45	2 047	1.52	58.37
No. 1 (South)	12 005	914	85.6	29.10	2 491	0.67	57.39
Quarter ended December 1977	32 472	2 582	59.3	35.48	2 104	0.77	45.48
Quarter ended September 1977	34 184	2 720	50.9	39.45	2 008	0.82	41.98
Year ended December 1977	128 652	12 298	49.9	40.48	2 020	0.89	44.45
"C" reef No. 1 (South)							
Quarter ended December 1977	144	8	7.5	30.40	228	1.78	13.34
Quarter ended September 1977	106	24	9.8	226.53	2 220	4.65	45.57
Year ended December 1977	357	128	17.8	151.40	2 695	4.36	77.69

ORE RESERVES

	Based on gold price per kilogram	Tons	Stope width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Vaal reef Sept. 30 1977	R3 300	15 149 000	108.3	15.49	1 678	0.44	47.69
	R3 900	17 079 000	107.3	14.60	1 567	0.42	45.07
	R4 500	18 297 000	106.9	14.08	1 505	0.41	43.83
Sept. 30 1976	R3 100	13 836 000	107.4	15.60	1 675	0.49	52.98
	R3 500	15 386 000	106.7	14.83	1 583	0.47	50.16
	R4 000	16 429 000	106.4	14.36	1 528	0.46	48.92
V.C.R. and Elsburg reef Sept. 30 1977	R3 300	114 000	121.8	11.35	1 382	—	—
	R3 900	162 000	124.9	10.42	1 302	—	—
	R4 500	206 000	125.9	9.73	1 225	—	—
Sept. 30 1976	R3 100	169 000	128.9	9.66	1 245	—	—
	R3 500	271 000	134.3	9.01	1 210	—	—
	R4 000	309 000	133.0	8.77	1 166	—	—

Because of the increased contribution from uranium to the company's overall working profit, at September 30 1977 ore reserves were estimated at a composite pay limit based on a gold price of R3 300 a kilogram (1976: R3 100 a kilogram) and taking account of an appropriate price for uranium. Also shown are ore reserve tonnages estimated at composite pay limits based on gold prices of R3 900 and R4 500 a kilogram to indicate the sensitivity of the ore reserves to gold price variations.

CAPITAL EXPENDITURE
Estimated expenditure for the year ending December 31 1978 is R72 000 000.
Orders placed and outstanding on capital expenditure contracts as at December 31 1977 totalled R19 388 000.

VAAL REEF SOUTH

Included in the above are the following figures in respect of the South Lease Area:
PLANNED PRODUCTION FOR THE YEAR ENDING DECEMBER 31 1978
Tonnage 2 300 000 Grade 10.0 grams per ton

	Quarter ended Dec. 1977	Quarter ended Sept. 1977	Year ended Dec. 1977
OPERATING RESULTS			
GOLD			
Tons milled	544 000	564 000	2 120 000
Yield—g/t	9.83	10.50	9.77
Gold produced—kg	5 348	5 923	20 716
Revenue per ton milled	R48.64	R41.71	R40.52
Cost per ton milled	R28.97	R25.78	R26.55
Profit per ton milled	R19.67	R15.93	R13.97
Revenue	R26 463 000	R23 526 000	R85 899 000
Cost	R15 762 000	R14 541 000	R56 282 000
Profit	R10 701 000	R8 985 000	R29 617 000
URANIUM OXIDE			
Tons treated	369 000	375 000	1 297 000
Yield—kg/t	0.20	0.21	0.21
Oxide produced—kg	73 628	78 818	268 339
Profit on sales	R1 652 000	R513 000	R3 080 000
FINANCIAL RESULTS			
Working profit—gold	R10 701 000	R8 985 000	R29 617 000
Profit on sale of Uranium Oxide	1 652 000	513 000	3 080 000
	12 353 000	9 498 000	32 697 000
Deduct: net Sundry expenditure*	107 000	121 000	842 000
	R12 246 000	R9 377 000	R31 855 000
Capital expenditure—new South uranium plant	R5 153 000	R447 000	R5 600 000
—Other	R6 325 000	R3 565 000	R15 496 000
	R11 478 000	R4 012 000	R21 096 000

*This company's share of net operational costs in terms of the tributing arrangements with Buffelsfontein Gold Mining Company Limited.

DEVELOPMENT—SOUTH LEASE AREA

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Vaal reef							
Quarter ended December 1977	12 005	914	85.6	29.10	2 491	0.67	57.39
Quarter ended Sept. 1977	12 310	1 260	66.5	36.53	2 429	0.77	50.96
Year ended December 1977	46 864	4 806	72.9	32.85	2 395	0.73	53.10
"C" reef							
Quarter ended December 1977	144	8	7.5	30.40	228	1.78	13.34
Quarter ended Sept. 1977	106	24	9.8	226.53	2 220	4.65	45.57
Year ended December 1977	357	128	17.8	151.40	2 695	4.36	77.69
Area under tribute to and developed by Buffelsfontein (not included in totals) Vaal reef							
Quarter ended December 1977	1 842	255	120.3	13.30	1 600	0.41	49.36
Quarter ended Sept. 1977	2 318	228	116.0	17.45	2 024	0.55	63.31
Year ended December 1977	8 327	1 068	130.4	13.11	1 709	0.47	60.67

ORE RESERVES—SOUTH LEASE AREA

	Based on gold price per kilogram	Tons	Stope width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Sept. 30 1977	R3 300	3 931 000	118.8	16.55	1 966	0.47	56.07
	R3 900	4 041 000	119.2	16.33	1 946	0.47	56.02
	R4 500	4 091 000	119.3	16.21	1 934	0.47	56.17
Sept. 30 1976	R3 100	2 741 000	120.5	16.76	2 020	0.66	78.87
	R3 500	2 807 000	120.4	16.59	1 998	0.65	78.42
	R4 000	2 842 000	120.4	16.50	1 987	0.65	77.97

CAPITAL EXPENDITURE
Estimated expenditure for the year ending December 31 1978 is R46 000 000 of which R27 000 000 is in respect of the new South uranium plant.
Orders placed and outstanding on capital expenditure contracts as at December 31 1977 totalled R12 083 000.

For and on behalf of the board
D. A. ETHEREDGE, W. R. LAWRIE — Directors

January 20 1978

Elandsrand Gold Mining Company Limited

ISSUED CAPITAL: 50 322 825 shares of 20 cents each
CAPITAL EXPENDITURE
Net expenditure on mining assets was as follows:

Quarter ended Dec. 1977	Quarter ended Sept. 1977	Year ended Dec. 1977
R14 064 000	R11 496 000	R45 395 000

Net expenditure on mining assets for the year ending December 31 1978 is estimated at R76 000 000.
Orders placed and outstanding on capital expenditure contracts as at December 31 1977 totalled R41 830 000.
Note: Prior to commencement of production, expenditure will be capitalised and revenue earned, after any taxation payable thereon, will be credited to mining assets.

SHAFT SINKING

	Quarter ended Dec. 1977 (metres)	Quarter ended Sept. 1977 (metres)	Year ended Dec. 1977 (metres)
Man/Material Shaft			
Advance	12	108	324
Depth to date	1 933	1 921	1 933
Station cutting	1 522	672	4 079
Orepass raiseboring	—	—	162
Rock/Ventilation Shaft			
Advance	72	160	868
Depth to date	2 160	2 088	2 160
Station cutting	794	96	1 610

On January 5 1978 the Rock/Ventilation shaft reached its final depth of 2 195 metres.

DEVELOPMENT
During the quarter ended December 1977 a total of 463 metres (quarter ended September 1977—512 metres) was developed in the footwall of the V.C.R. horizon within this company's lease area and on its behalf by Western Deep Levels Limited. In addition, haulage development outside the station area continued in a northerly direction towards the underlying reef on the 1920 level. During the quarter ended December 1977 a total of 100 metres was achieved (quarter ended September 1977—207 metres).
The Ventersdorp Contact reef was intersected in 2118 station cross cut north at a depth of 1 932 metres and dipping at 28 degrees. The reef was sampled and the average of 10 sampling sections gave values of 26.6 g/t (gold) and 0.15 kg/t (uranium) over a width of 10 cm. equivalent to 266 cm.g/t (gold) and 1.50 cm.kg/t (uranium). As stated in the prospectus, the shaft system was sited in an area which was expected to be low grade so that richer ore would not be locked up in the shaft pillar for the life of the mine.

GENERAL
Construction work for the establishment of the mine continues to be ahead of schedule. In the company's 1976 annual report it was stated that the mine was expected to come into production by the beginning of 1980. Present indications are that production should commence in 1979.

For and on behalf of the board
D. A. ETHEREDGE, W. R. LAWRIE — Directors

January 20 1978

East Rand Gold and Uranium Company Limited

ISSUED CAPITAL: 40 000 000 shares of 50 cents each
CAPITAL EXPENDITURE
Net expenditure on mining assets was as follows:

Quarter ended Dec. 1977	Quarter ended Sept. 1977	12 months ended Dec. 1977
R15 396 000	R27 914 000	R82 522 000

Net expenditure on mining assets and stores since the inception of the company to December 31 1977 was R118 008 000.
Net expenditure on mining assets for the 15 months period ending March 31 1978 is estimated at R101 000 000 (previously R105 000 000).
Orders placed and outstanding on capital expenditure contracts as at December 31 1977 totalled R9 822 000.
Note: Prior to commencement of production, expenditure will be capitalised and revenue earned, after any taxation payable thereon, will be credited to mining assets

OPERATIONS
Progress on construction and commissioning of the plant is satisfactory and production is still scheduled to commence in the current quarter.
After water commissioning of the slimes reclamation, flotation plant and residue disposal systems, monitoring of the first slimes dam (Springs No.3) started in December 1977 to enable the pulp commissioning of these systems to commence. Pulp commissioning is continuing and pyrite concentrate is being recovered from the flotation process. The pyrite inventory will be built up prior to commissioning of the uranium recovery plant and the 1 000 tons-a-day sulphuric acid plant.
As is to be expected in a project of this magnitude, teething troubles are being encountered but these are being dealt with as they arise. The gold plant will be the last section to be brought on stream, and the first gold is expected to be produced towards the end of the current quarter.

For and on behalf of the board
D. A. ETHEREDGE, M. G. McCRUM — Directors

January 20 1978

East Daggafontein Mines Limited

ISSUED CAPITAL: 3 730 000 shares of R1 each

	Quarter ended Dec. 1977	Quarter ended Sept. 1977	Year ended Dec. 1977
FINANCIAL RESULTS			
Royalities and gold revenue	R291 000	R448 000	R1 011 000
Sale of salvaged equipment and scrap	21 000	109 000	389 000
Sale of capital items	112 000	624 000	1 345 000
Sale of waste rock dumps	210 000	—	210 000
Sundry revenue	49 000	35 000	109 000
	683 000	1 216 000	3 064 000
Deduct:			
Costs of clean-up and salvage operations	1 000*	113 000	531 000
Surplus before taxation	682 000	1 103 000	2 533 000
Taxation—estimated	279 000	486 000	827 000
Surplus after taxation	R403 000	R617 000	R1 706 000
Dividend declared—amount	R746 000	—	R746 000
—per share	20 cents	—	20 cents

* After writing back provisions totalling R88 000

ROYALTY AND TRIBUTING AGREEMENTS
Under the terms of agreements with outside parties for the sale of the company's gold treatment plant and the recovery by such parties of gold from surface and underground clean-up operations, the company receives a share of the revenue derived by those parties from their recovery operations. The company also participates, to a limited extent, in any revenue obtained from the treatment by those parties of gold-bearing material from sand and rock dumps over which they hold rights.
The underground clean-up operations are covered by a tributing agreement which is subject to the approval of the Minister of Mines.

For and on behalf of the board
N. F. OPPENHEIMER, M. S. McCRUM — Directors

January 20 1978

The South African Land & Exploration Company Limited

ISSUED CAPITAL: 6 600 000 shares of 35 cents each

	Quarter ended Dec. 1977	Quarter ended Sept. 1977	Year ended Dec. 1977
FINANCIAL RESULTS			
Gold revenue	R1 805 000	R1 429 000	R6 722 000
Sale of salvaged equipment and scrap	135 000	446 000	1 017 000
Sale of capital items	602 000	71 000	1 812 000
Net sundry revenue	239 000	219 000*	761 000
	2 781 000	2 165 000	10 312 000
Deduct:			
Operating and salvage costs	1 085 000	1 674 000	6 879 000
Surplus before taxation	1 696 000	491 000	3 433 000
Taxation—estimated	381 000	103 000	860 000
Surplus after taxation	R1 315 000	R388 000	R2 573 000
Prospecting expenditure	R103 000	R184 000	R462 000

* Including reversal of estimated State assistance of R69 000.

OPERATIONS
As a result of the decline in the Sub-Nigel Betty and No. 3 shaft rock dump grades to an unprofitable level, the recovery of gold from this source was terminated on November 27 with a milled throughput of 179 000 tons for the period from the beginning of the quarter to the date of termination. On November 28 an alternative arrangement was put into operation for the treatment of rock and slimes from various locations on the East Rand resulting in the milling of 31 000 tons from commencement to the end of December, giving an overall mill throughput for the December quarter of 210 000 tons (September quarter 248 000 tons).

PROSPECTING
Drilling of the two surface exploratory boreholes SRK.1 and SWP.1 in the area to the South and Southwest of the mine workings is continuing. At December 31, SRK.1 had reached a depth of 2 395 metres. During December, SWP.1 intersected the main reef leader at a depth of 3 065 metres, and the results were published in an announcement dated December 16. Recently, the first short deflection of SWP.1 intersected the reef at 3 064 metres, and the results are shown in an announcement published today, January 20. The results of the second short deflection are expected later this month. Thereafter, a long deflection with ancillary short deflections will be drilled in SWP.1.
Up to December 31 1977, expenditure on the two holes SRK.1 and SWP.1 totalled approximately R580 000, and it is estimated that a further amount of some R400 000 will be spent to complete this phase of the drilling programme. A decision regarding further boreholes is dependent on the results of the current drilling phase as they become known during the course of the next six to eight months.
Orders placed and outstanding as at December 31 1977 totalled R224 000.

For and on behalf of the board
N. F. OPPENHEIMER, M. S. McCRUM — Directors

January 20 1978

Western Deep Levels Limited

ISSUED CAPITAL: 25 000 000 shares of R2 each
PLANNED PRODUCTION FOR THE YEAR ENDING DECEMBER 31 1978
Tonnage 3 000 000 Grade 14.4 grams per ton

	Quarter ended Dec. 1977	Quarter ended Sept. 1977	Year ended Dec. 1977
OPERATING RESULTS			
GOLD			
Tons milled	741 000	764 000	2 977 000
Yield—g/t	14.66	14.45	14.61
Gold produced—kg	10 866	11 043	43 479
Revenue per ton milled	R69.82	R56.07	R59.35
Cost per ton milled	R31.64	R30.01	R29.48
Profit per ton milled	R38.18	R26.06	R29.87
Revenue	R51 739 000	R42 838 000	R176 683 000
Cost	R23 445 000	R22 929 000	R87 753 000
Profit	R28 294 000	R19 909 000	R88 930 000
URANIUM OXIDE			
Tons treated	192 000	195 000	747 000
Yield—kg/t	0.22	0.22	0.22
Oxide produced—kg	42 724	42 607	167 410
Profit on sales	R1 405 000	R806 000	R3 249 000
FINANCIAL RESULTS			
Working profit—Gold	R28 294 000	R19 909 000	R88 930 000
Profit on sale of Uranium Oxide	1 405 000	806 000	3 249 000
Net sundry revenue	948 000	487 000	3 052 000
Profit before taxation and State's share of profit	30 647 000	21 202 000	95 231 000
Taxation and State's share of profit—estimated	15 481 000	9 686 000	44 918 000
Profit after tax and State's share—estimated	R15 166 000	R11 516 000	R50 313 000
Capital expenditure	R4 556 000	R4 906 000	R19 600 000
Dividends declared—amount	R11 875 000	—	R20 625 000
—per share	47.5 cents	—	82.5 cents
Loan levies—estimated	R1 673 000	R1 047 000	R4 858 000

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Carbon Leader Shaft area							
No. 2	3 692	64	32.3	68.14	2 201	1.15	37.28
No. 3	4 568	16	11.9	840.42	10 001	6.01	71.56
Quarter ended December 1977	8 260	80	28.3	132.90	3 761	1.56	44.13
Quarter ended September 1977	7 994	232	31.0	103.94	3 222	1.14	35.40
Year ended December 1977	32 974	526	29.0	87.38	2 534	1.04	30.24
V.C.R. Shaft area							
No. 2	2 310	108	111.6	30.32	3 384	—	—
No. 3	681	62	24.9	60.24	1 500	—	—
Quarter ended December 1977	2 991	170	80.0	33.71	2 697	—	—
Quarter ended September 1977	3 355	220	73.9	36.09	2 667	—	—
Year ended December 1977	11 897	666	60.3	31.28	1 886	—	—

ORE RESERVES

	Based on gold price per kilogram	Tons	Stope width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Carbon Leader Sept. 30 1977	R3 300	2 629 000	100.7	25.52	2 570	0.26	25.96
	R3 900	2 642 000	100.7	25.44	2 562	0.26	25.89
	R4 500	2 721 000	100.7	24.96	2 513	0.25	25.49
Sept. 30 1976	R3 100	2 826 000	100.6	25.55	2 570	0.26	26.62
	R3 500	2 840 000	100.6	25.47	2 562	0.26	26.55
	R4 000	2 920 000	100.6	25.00	2 515	0.26	26.17
V.C.R. Sept. 30 1977	R3 300	1 890 000	130.0	15.48	2 012	—	—
	R3 900	2 306 000	128.5	14.08	1 809	—	—
	R4 500	2 459 000	129.2	13.59	1 756	—	—
Sept. 30 1976	R3 100	2 273 000	130.0	13.65	1 774	—	—
	R3 500	2 488 000	129.3	13.05	1 688	—	—
	R4 000	2 661 000	129.1	12.58	1 624	—	—

Because of the increased contribution from uranium to the company's overall working profit, at September 30 1977 ore reserves were estimated at a composite pay limit based on a gold price of R3 300 a kilogram (1976: R3 100 a kilogram) and taking account of an appropriate price for uranium. Also shown are ore reserve tonnages estimated at composite pay limits based on gold prices of R3 900 and R4 500 a kilogram to indicate the sensitivity of the ore reserves to gold price variations.

CAPITAL EXPENDITURE
Estimated expenditure for the year ending December 31 1978 is R26 000 000.
Orders placed and outstanding on capital expenditure contracts as at December 31 1977 totalled R2 776 000.

For and on behalf of the board
W. R. LAWRIE, D. A. ETHEREDGE — Directors

January 20 1978

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

GENERAL NOTE
Development values represent actual results of sampling, no allowance having been made for adjustments necessary in estimating ore reserves.

The Orange Free State Group's results appear on another page in this paper.

Copies of these reports will be available on request from the offices of the transfer secretaries:
Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ.

LONDON OFFICE: 40 HOLBORN VIADUCT, EC1P 1AJ

Southvaal Holdings Limited

The attention of shareholders is directed to the report of Vaal Reefs Exploration and Mining Company Limited.

MINING NEWS

Bumper quarter for Vaal Reefs

BY KENNETH MARSTON, MINING EDITOR

INCREASED working profits from the Anglo American Corporation group's South African gold and uranium mines bring the December quarterly report season to a happy conclusion. They follow the pattern of high gold prices (an average of over $170 per ounce was received) overcoming the effects of lower production.

Vaal Reefs has done outstandingly well thanks to the additional boost of sharply increased uranium revenue. Gold producers which have shown up well on the latest occasion include President Brand, Welkom, and Western Deep.

As already reported in this column, the group's big new Elandsrand gold mine continues to race towards production and is now expected to start up next year, two years earlier than was originally anticipated.

The other newcomer, East Rand Gold and Uranium, which will re-treat old mine dumps for their gold, uranium and sulphuric acid content is still expected to start production in the current quarter but is encountering the inevitable teething troubles.

The joint Orange Free State metallurgical scheme has also encountered teething problems. As a result the current year's uranium output will not be sufficient to meet sales commitments and arrangements have been made to buy uranium from other group sources. Methods of augmenting uranium production are being studied and it is possible that the deficit position may be reduced by the end of the financial year.

Fre State Geduld has revised its capital expenditure forecast for the year to next September to R33m. (£19.7m.) from R25m. because of the decision to sink the main No. 5 shaft and the ventilation shaft concurrently. It is pointed out that this will not materially affect the total cost of the project, but the rate of spending will be accelerated.

The group's latest working profits are compared in the following table.

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
E. Daggafontein	†682	†1,103	159
Free State Geduld	28,385	28,343	27,887
F. State Saaiplaas	514	496	*1,041
President Brand	17,608	12,271	14,719
President Steyn	9,839	10,524	4,232
S.A. Lands	†1,696	†491	†571
Vaal Reefs	37,778	20,638	18,824
Welkom	4,281	1,812	2,459
Western Deep	29,699	20,715	24,149
Western Holdings	21,391	18,047	20,285

* Loss. † Pre-tax surplus includes sale of capital items following cessation of mining.

Inco looks at spectre of bankruptcy

IN A sharp defence of successive decisions to cut back nickel production and lay off employees, the world's largest producer, Inco of canada, has said that it would face bankruptcy if it were forced by the Ontario Government to continue production in order to save jobs.

Mr. Edwin Carter, the group's chairman gave the warning to an Ontario Legislature committee in reply to a question about what Inco would do if it had to take more responsibility for the impact of its cut of 2,800 jobs at its Sudbury facilities.

Inco, said Mr. Carter, cannot produce more nickel which it cannot sell. In recent months the group has switched from a stockpiling policy and has been rigorously retrenching in an effort to balance supplies with what the international market can absorb.

The consequences of this policy, which has spread from Canada to Inco interests in countries like the U.K., has aroused fierce controversy. The Ontario Legislature hearings are part of this pattern.

Gold Fields cautious on Arabian hopes

THE LONDON group, Consolidated Gold Fields, moved yesterday to scotch suggestions that it had found large gold deposits in Saudi Arabia. It has been engaged in a drilling programme in the Mahd Adh Dhahab area.

A spokesman said there was a gold deposit, but added, "It is relatively small and until we finish our drilling one cannot say how big."

Gold Fields first became involved in the area during September, 1976, when it signed an exploration licence agreement with the Saudi authorities which gave the State an option to take up to a 50 per cent. stake in the prospect, if it should ever go to production.

Since then the group has completed a first phase of drilling which encouraged it to continue. Its second phase, diamond drilling, will be completed by the summer after which it will be decided whether to press ahead or pull out.

Knowledge of gold in the area has been abroad for several hundred years. The Saudis mined it commercially between 1938 and 1954, extracting about 0.75m. ozs, or about one-sixteenth of current annual South African output. In the early 1970s, the U.S. Geological Survey examined the area from the air.

Yesterday Gold Fields shares were 202p.

FIJI COULD BUY EMPEROR MINE

The Fiji Government is to negotiate the purchase of the Vatukoula gold mine from the Australian company, Emperor Mines, reports Dai Hayward from Wellington. The Government is to call in overseas consultants to investigate the working life of the mine and the cost of further development.

Three days ago 1,000 workers at the mine went on strike after Emperor had laid off 770 men. The mineworkers' union demanded nationalisation.

Meanwhile the strike has been called off while the negotiations continue. The Fiji Government has in any case been supporting the mine financially. A year ago Emperor wanted to close it down in order to prevent further losses, but the Government stepped in with a low interest loan.

Last month the Government made it clear no further support would be forthcoming and Emperor's hope at that time was to make operations profitable on the basis of reduced working.

LOSS MOUNTS AT ASTURIENNE

The Belgian lead and zinc group, Compagnie Royale Asturienne des Mines, made a considerable loss last year, a statement disclosed, but no figures were mentioned. In 1976 there was a net loss of B.Frs.88.6m. (£1.4m.).

Severe competition in the depressed zinc market, leading to low prices, made it impossible for the Asturienne mines and foundries to make a profit, and problems were compounded by a build-up of production at the mines while work in the foundries remained at a low ebb.

There was some relief for the group, however, in the steadiness of lead prices. Asturienne has mines or plants in Morocco, Spain, Norway and France.

NEW SHAFT FOR HARMONY GOLD

Because of extensive damage which has been revealed in the Merriespruit No. 2 shaft, Harmony Gold Mining has decided to sink a new ventilation shaft. Its estimated cost is R3.5m. (£2.09m.).

At the present level of gold prices the South African mine says that the cost can be funded from available resources without diminishing the dividend indication given in the chairman's recent statement.

He forecast a final dividend of 25 cents to make a total of 50 cents (29.8p) for the current year to June 30 compared with 25 cents for 1976-77. Harmony rose 15p to 368p in a firm London market yesterday.

Denison earns record $C28m.

THE CANADIAN uranium producer, Denison Mines, reports an 85 per cent. rise in 1977 consolidated net income to a record $Can.27.9m. (£13.17m) ($Can.6.10 per share) from $Can.15m. ($Can.3.29) in 1976, writes John Soganich in Toronto.

Sales were up 24 per cent. to $Can.199m. from $Can.160.1m. The improvement is largely the result of increased uranium shipments, together with increased revenue from oil and gas operations and a rise in earnings of the subsidiary, Lake Ontario Cement. In addition, the discount on the Canadian dollar helped.

The effective corporated income and mining tax rate was down to 44.3 per cent. from 53.1 per cent. Major factors included the "investment tax credit and capital gains realised during the year." Denison since 1973 has incurred capital expenditures of more than $Can.146m.

The dividend rate has increased from $Can.1.40 per share in 1974 to $Can.2.20 paid in 1977, with the quarterly rate being increased to 60 cents from 50 cents in the 1977 third quarter.

Uranium oxide production in 1977 was just over 4m. pounds, up 29 per cent. on 1976. Tonnage of uranium ore milled at Elliot Lake, Ontario, increased 35 per cent. to almost 2.1m. short tons.

A record daily production level of 7,444 tons was established and the company reports that the "7,100 tons per day capability is now well established and is the basis of the 1978 production plan."

Preliminary detailed engineering has been completed for an expansion of the existing mill to 12,000 tons per day. Denison shares in London yesterday were £34.

PARK CITY VENTURES

High costs arising from rock conditions and ground water at the mine site have led Park City Ventures to suspend lead, zinc and silver operations at the Ontario mine in Utah. The mine has been unprofitable for some time. Park City is 60 per cent. owned by Anaconda, the Atlantic Richfield subsidiary, and 40 per cent. by Asarco.

BANK RETURN

—	Wednesday Jan. 18 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	22,023,608	— 3,858,102
Special Deposits	1,204,085,000	+ 19,140,000
Bankers	375,852,343	+ 14,356,852
Reserves & Other A/cs	681,788,776	+ 8,419,516
	2,298,302,817	+ 38,978,258
ASSETS		
Govt. Securities	1,821,706,087	+ 101,544,995
Advanced & Other A/cs	317,796,259	— 56,089,177
Premises, Equip't & other Secs	163,432,760	+ 88,382
Notes	6,363,503	— 6,579,582
Coin	174,228	— 16,150
	2,298,302,817	+ 38,978,258
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	7,550,000,000	— 125,000,000
In Circulation	7,544,756,497	— 118,420,501
In Bank's Dept	5,263,503	— 6,579,582
ASSETS		
Govt. Debts	11,015,100	—
Other Govt. Secs	6,538,183,731	— 133,938,981
Other Securities	1,000,801,169	+ 8,938,981
	7,550,000,000	— 125,000,000

هكذا من الأصل

Group Gold Mining Companies

(All companies are incorporated in the Republic of South Africa)

Orange Free State

Reports of the directors for the quarter ended 31st December 1977

Free State Geduld Mines Limited

ISSUED CAPITAL: 10 440 000 shares of 50 cents each
PLANNED PRODUCTION FOR THE YEAR ENDING SEPTEMBER 30 1978
Tonnage 3 500 000 Grade 12.7 grams per ton

	Quarter ended Dec. 1977	Quarter ended Sept. 1977	Year ended Sept. 1977
OPERATING RESULTS			
Tons milled	834 000	898 000	3 436 000
Yield—g/t	12.02	13.06	12.89
Gold produced—kg	10 027	11 729	44 274
Revenue per ton milled	R59.48	R53.19	R48.22
Cost per ton milled	R24.59	R21.94	R21.35
Profit per ton milled	R34.89	R31.25	R26.87
Revenue	R49 605 000	R47 752 000	R165 674 000
Cost	R20 504 000	R19 690 000	R73 360 000
Profit	R29 101 000	R28 063 000	R92 314 000
JOINT METALLURGICAL SCHEME (JMS) (See Summary)			
Slime delivered			
Tons	597 000	508 000	1 049 000
Grade			
gold—g/t	0.30	0.26	0.28
uranium—kg/t	0.08	0.08	0.08
sulphur—per cent	0.95	1.00	1.01
Estimated share of profit (loss) including service charges	(R516 000)	R280 000	R280 000
FINANCIAL RESULTS			
Working profit—Gold	R29 101 000	R28 063 000	R92 614 000
Share of JMS net profit (loss)—estimated	(516 000)	280 000	280 000
Net sundry revenue	712 000	491 000	1 992 000
Profit before taxation and State's share of profit	R29 297 000	R28 834 000	R94 646 000
Taxation and State's share of profit—estimated (see note)	12 568 000		29 223 000
Profit after tax and State's share—estimated (see note)	R16 729 000		R65 323 000
Capital expenditure—metallurgical complex—partly financed by way of loans	R377 000	R1 536 000	R10 538 000
—purchase of Freddies' mining and other assets	—	R14 453 000	R14 453 000
—other	R8 109 000	R9 183 000	R24 716 000
Dividends declared—amount	—	R15 000 000	R24 000 000
—per share	—	150 cents	240 cents
Loan Levies—estimated (see note)	R1 108 000		R3 090 000
SHAFT SINKING			
No. 5 main shaft			
Advance—metres	21.6	69.8	69.8
Depth to date—metres	91.4	69.8	69.8
Station cutting—metres	Nil	—	—
No. 5 ventilation shaft			
Advance—metres	58.0	—	—
Depth to date—metres	58.0	—	—
Station cutting—metres	Nil	—	—

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Basal reef							
No. 1	1 650	150	26.9	51.87	1 390	0.40	10.71
No. 2	2 295	158	13.8	98.62	1 361	0.81	11.18
No. 3	1 749	18	58.6	8.02	470	0.22	12.87
No. 4	824	92	70.8	186.65	13 215	0.51	35.99
7 (Freddies No. 3)	1 574	216	28.5	23.98	683	0.27	7.79
8 (Freddies No. 1)	1 437	78	100.4	6.27	630	0.14	13.94
Freddies No. 414 [illegible]							
Quarter ended December 1977	9 597	712	39.0	66.44	2 531	0.32	13.50
Quarter ended September 1977	9 952	668	25.9	105.17	2 724	0.59	15.35
Year ended September 1977	36 019	3 666	24.2	86.12	2 084	0.53	12.79
Leader reef							
[illegible]	102	114	185.9	3.09	574	0.17	31.71
[illegible]	395	156	207.9	3.14	652	0.11	22.91
Quarter ended December 1977	497	270	188.7	3.12	619	0.13	26.62
Quarter ended September 1977	634	210	184.8	1.95	361	0.09	15.71
Year ended September 1977	3 084	1 406	196.6	3.15	620	0.11	22.12
Leader reef 7 (Freddies No. 3)	386	244	147.6	4.46	658	0.03	4.49
8 (Freddies No. 1)	522	258	119.2	4.78	500	0.05	5.92
Freddies No. 414 area	23	—	—	—	—	—	—
Quarter ended December 1977	1 131	502	133.0	4.34	577	0.04	5.46
Quarter ended September 1977	1 337	404	151.2	2.49	376	0.04	5.98
Year ended September 1977	4 655	1 636	155.8	2.87	447	0.04	5.47

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
[illegible] reef (Freddies [illegible])	Nil						
Quarter ended December 1977	Nil	—	—	—	—	—	—
Quarter ended September 1977	Nil	—	—	—	—	—	—
Year ended September 1977	68	66	52.6	1.28	90	0.12	7.23

DIVIDEND PAID
The dividend of 150 cents per share declared during the quarter ended September 30 1977 was paid on November 4 1977.

CAPITAL EXPENDITURE
[illegible] capital expenditure for the year ending September 30 1978 has been revised to R39 000 000 (previously R25 000 000) in order to reflect the decision to sink the No. 5 shaft and the ventilation shaft concurrently. While this does not [illegible] affect the total cost of the project the rate of capital expenditure is higher.

Orders placed and outstanding on capital contracts as at December 31 1977 totalled [illegible] 000 of which R300 000 was in respect of the metallurgical complex.

TAXATION AND STATE'S SHARE OF PROFIT
[illegible] of the effects of the merger of the mining lease area of Freddies Consolidated [illegible] with that of Free State Geduld, retrospective to October 1 1976, and [illegible] acquisition of the Freddies' mining and other assets, no comparative figures [illegible]. State's share of profit and loan levy are shown for the quarter ended [illegible] 1977 as it is felt these would prove misleading. All adjustments associated [illegible] above matters have been taken into account in the figures given for the year [illegible] September 1977.

[illegible] SHAFT COMPLEX
[illegible] of sinking services and headgear equipping at the main shaft have reached [illegible] stages and work is on schedule to start full scale sinking operations at [illegible] of February 1978. On the ventilation shaft the collar and concrete headgear were completed in December 1977. Pre-sinking operations are continuing and [illegible] sinking is scheduled to commence in May 1978.

For and on behalf of the board
G. S. YOUNG, D. A. ETHEREDGE — Directors

[illegible] 20 1978

President Steyn Gold Mining Company Limited

and its wholly-owned subsidiary, Video Mining Co., Ltd.

ISSUED CAPITAL: 14 566 400 shares of 50 cents each
PLANNED PRODUCTION FOR THE YEAR ENDING SEPTEMBER 30 1978
Tonnage 3 600 000 Grade 8.3 grams per ton

	Quarter ended Dec. 1977	Quarter ended Sept. 1977	Year ended Dec. 1977
OPERATING RESULTS			
Tons milled	752 000	809 000	3 100 000
Yield—g/t	8.02	8.88	8.65
Gold produced—kg	6 031	7 187	26 816
Revenue per ton milled	R39.68	R36.75	R32.35
Cost per ton milled	R26.26	R24.51	R23.86
Profit per ton milled	R13.42	R12.24	R8.49
Revenue	R29 838 000	R29 732 000	R100 118 000
Cost	R19 746 000	R19 829 000	R73 841 000
Profit	R10 092 000	R9 903 000	R26 277 000
JOINT METALLURGICAL SCHEME (JMS) (See Summary)			
Slime delivered			
Tons	896 000	917 000	1 497 000
Grade			
gold—g/t	0.61	0.57	0.50
uranium—kg/t	0.09	0.09	0.09
sulphur—per cent.	0.88	0.86	0.89
Estimated share of profit (loss) including service charges	(R260 000)	R621 000	R621 000
FINANCIAL RESULTS			
Working profit—Gold	R10 092 000	R9 903 000	R26 277 000
Share of JMS net profit (loss)—estimated	(260 000)	621 000	621 000
Net sundry revenue	266 000	355 000	1 445 000
Profit before taxation and State's share of profit	10 098 000	10 879 000	28 343 000
Taxation and State's share of profit—estimated	—	—	—
Profit after tax and State's share—estimated	R10 098 000	R10 879 000	R28 343 000
Capital expenditure—metallurgical complex—partly financed by way of loans	R563 000	R2 022 000	R11 345 000
—other	R4 682 000	R5 998 000	R22 880 000
Dividends declared—amount	—	R1 457 000	R2 857 000
—per share	—	10 cents	20 cents
Loan Levies—estimated	—		—
SHAFT SINKING			
No. 4 sub-vertical shaft system			
Advance—metres	47.4	56.0	235.1
Depth to date—metres	561.3	513.9	513.9
Station cutting—metres	378.1	305.5	1 377.4

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Basal reef							
No. 1	1 665	304	26.2	28.74	753	0.60	15.78
No. 2	1 977	208	36.3	45.67	1 658	0.70	25.40
No. 4	3 398	412	37.0	46.70	1 728	0.13	4.86
Video lease area	1 502	110	45.7	8.99	411	0.03	1.46
Quarter ended Dec. 1977	8 542	1 034	34.6	37.20	1 287	0.34	11.84
Quarter ended Sept. 1977	8 427	822	47.1	36.86	1 736	0.26	12.48
Year ended Sept. 1977	33 863	3 296	43.8	39.38	1 725	0.33	14.55
Leader reef							
No. 1	285	82	111.2	5.09	566	0.35	39.11
No. 2	250	112	108.1	3.15	341	0.14	15.67
No. 4	Nil	—	—	—	—	—	—
Video lease area	—	32	279.3	0.85	237	0.05	12.97
Quarter ended Dec. 1977	535	226	133.4	3.06	408	0.18	23.79
Quarter ended Sept. 1977	891	640	152.2	2.94	448	0.24	35.91
Year ended Sept. 1977	1 858	1 214	138.3	3.98	550	0.30	41.23
'A' Reef							
No. 2	208	112	72.4	6.17	447	0.17	12.28
Quarter ended Dec. 1977	208	112	72.4	6.17	447	0.17	12.28
Quarter ended Sept. 1977	33	—	—	—	—	—	—
Year ended Sept. 1977	239	104	68.6	5.89	404	0.11	7.31
Area under tribute to and developed by President Brand (not included above)							
Basal reef							
Quarter ended Dec. 1977	557	44	10.6	251.51	2 666	2.17	22.96
Quarter ended Sept. 1977	606	42	24.0	59.00	1 416	0.44	10.64
Year ended Sept. 1977	1 740	278	16.9	184.44	3 117	1.24	20.94

DIVIDEND PAID
The dividend of 10 cents per share declared during the quarter ended September 30 1977 was paid on November 4 1977.

CAPITAL EXPENDITURE
Estimated expenditure for the year ending September 30 1978 is R19 000 000 which excludes an amount of R2 000 000 to be spent on the metallurgical complex.
Orders placed and outstanding on capital contracts as at December 31 1977 totalled R3 245 000 of which R326 000 was in respect of the metallurgical complex.

For and on behalf of the board
D. A. ETHEREDGE, G. S. YOUNG — Directors

January 20 1978

Western Holdings Limited

ISSUED CAPITAL: 7 496 376 shares of 50 cents each
PLANNED PRODUCTION FOR THE YEAR ENDING SEPTEMBER 30 1978
Tonnage 3 100 000 Grade 11.5 grams per ton

	Quarter ended Dec. 1977	Quarter ended Sept. 1977	Year ended Sept. 1977
OPERATING RESULTS			
Tons milled	747 000	815 000	3 093 008
Yield—g/t	10.86	11.15	11.77
Gold produced—kg	8 115	9 090	36 396
Revenue per ton milled	R51.71	R42.57	R43.79
Cost per ton milled	R22.07	R18.95	R19.74
Profit per ton milled	R29.64	R22.72	R24.05
Revenue	R38 630 000	R34 775 000	R135 449 000
Cost	R16 486 000	R15 262 000	R61 060 000
Profit	R22 144 000	R18 513 000	R74 389 000
JOINT METALLURGICAL SCHEME (JMS) (See Summary)			
Slime delivered			
Grade			
Tons	830 000	664 000	1 051 000
gold—g/t	0.45	0.44	0.42
uranium—kg/t	0.09	0.09	0.09
sulphur—per cent	0.99	0.97	0.97
Estimated share of profit(loss)—net	(R253 000)	R534 000	R534 000
FINANCIAL RESULTS			
Working profit—Gold	R22 144 000	R18 513 000	R74 389 000
Share of JMS net profit(loss)—estimated	(253 000)	534 000	534 000
Net sundry revenue	1 304 000	989 000	4 209 000
Profit before taxation and State's share of profit	23 195 000	20 036 000	79 132 000
Taxation and State's share of profit—estimated	13 786 000	12 218 000	48 215 000
Profit after taxation and State's share—estimated	R9 409 000	R7 818 000	R30 917 000
Capital expenditure—metallurgical complex—partly financed by way of loans	R313 000	R792 000	R1 828 000
—other	R1 504 000	R978 000	R3 496 000
Dividends declared—amount	—	10 495 000	20 490 000
—per share	—	140 cents	280 cents
Loan levies—estimated	R1 151 000	R1 026 000	R4 074 000

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area							
Basal reef							
No. 1	1 479	40	18.8	106.12	1 995	0.60	11.35
No. 2	1 794	130	43.8	157.29	6 858	0.46	20.19
No. 3	2 865	618	53.1	20.34	1 090	0.11	6.04
No. 4	2 548	222	9.4	199.47	1 875	1.85	17.42
Quarter ended December 1977	8 686	1 010	40.9	49.76	2 035	0.26	10.57
Quarter ended September 1977	8 749	1 138	48.3	51.76	2 500	0.36	17.16
Year ended September 1977	33 308	4 628	48.6	48.00	2 333	0.28	13.75
Leader reef							
No. 1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
No. 2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
No. 3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quarter ended December 1977	455	182	201.6	3.43	772	0.18	38.62
Quarter ended September 1977	814	198	213.0	5.18	1 103	0.25	54.12
Year ended September 1977	2 145	740	184.9	4.82	891	0.18	38.13

DIVIDEND PAID
The dividend paid of 140 cents per share declared during the quarter ended September 30 1977 was paid on November 4 1977.

CAPITAL EXPENDITURE
Estimated expenditure for the year ending September 30 1978 is R7 500 000. Orders placed and outstanding on capital contracts as at December 31 1977 totalled R2 754 000 of which R23 000 was in respect of the metallurgical complex.

For and on behalf of the board
G. S. YOUNG, D. A. ETHEREDGE — Directors

January 20 1978

President Brand Gold Mining Company Limited

ISSUED CAPITAL: 14 040 000 units of stock of 50 cents each
PLANNED PRODUCTION FOR THE YEAR ENDING SEPTEMBER 30 1978
Tonnage 5 100 000 Grade 9.6 grams per ton
(includes 540 000 tons to be treated by Free State Saaiplaas on a cost plus service charge basis)

	Quarter ended Dec. 1977	Quarter ended Sept. 1977	Year ended Sept. 1977
OPERATING RESULTS			
*Tons milled	761 000	788 000	3 093 000
Yield—g/t	9.07	9.33	10.56
Gold produced—kg	6 905	7 352	32 656
Revenue per ton milled	R45.28	R38.69	R39.60
Cost per ton milled	R23.94	R23.36	R22.12
Profit per ton milled	R21.34	R15.33	R17.48
Revenue	R34 458 000	R30 490 000	R122 488 000
Cost	R18 221 000	R18 411 000	R68 424 000
Profit	R16 237 000	R12 079 000	R54 064 000
JOINT METALLURGICAL SCHEME (JMS) (See Summary)			
Slime delivered			
Tons	633 000	626 000	898 000
Grade			
gold—g/t	0.45	0.35	0.36
uranium—kg/t	0.09	0.07	0.07
sulphur—per cent	0.94	0.89	0.95
Estimated share of profit including service charges	R1 368 000	R192 000	R192 000
FINANCIAL RESULTS			
Working profit—Gold	R16 237 000	R12 079 000	R54 064 000
Share of JMS net profit—estimated	1 368 000	192 000	192 000
Dividends received from Free State Saaiplaas	—	—	—
Net sundry revenue (expenditure)	(485 000)	(583 000)	(1 882 000)
Profit before taxation and State's share of profit	17 120 000	11 688 000	52 374 000
Taxation and State's share of profit—estimated	7 589 000	3 873 000	6 757 000
Profit after tax and State's share—estimated	R9 531 000	R7 815 000	R45 617 000
Capital expenditure—metallurgical complex—partly financed by way of loans	R2 261 000	R2 359 000	R29 658 000
—other	R1 126 000	R2 104 000	R6 083 000
Dividends declared—amount	—	R8 424 000	R18 252 000
—per unit of stock	—	60 cents	130 cents
Loan levies—estimated	R853 000	R442 000	R781 000
* Includes tonnage treated on a cost plus service charge basis by Free State Saaiplaas	115 000	125 400	499 500
Consolidated profit after taxation and State's share of profit of the company and its subsidiary, Free State Saaiplaas Gold Mining Company Limited—after allowing for minority shareholders' interest	R10 148 000	R8 837 000	R48 185 000

The attention of members is drawn to the report on the operations of the company's subsidiary, Free State Saaiplaas, published in conjunction herewith.

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area							
Basal reef							
No. 1	291	66	9.5	557.89	5 300	4.25	40.39
No. 2	2 753	362	33.0	24.06	794	0.22	7.39
No. 3	1 413	200	9.2	185.65	1 708	1.67	15.39
No. 4	3 490	396	125.2	17.97	2 250	0.07	8.40
Quarter ended December 1977	7 947	1 024	62.5	29.22	1 826	0.18	11.47
Quarter ended September 1977	7 999	890	62.6	38.23	2 393	0.20	12.31
Year ended September 1977	29 511	3 734	54.8	43.07	2 360	0.24	13.25
Leader reef							
No. 1	722	212	155.5	4.71	732	0.16	25.29
No. 3	1 128	288	127.5	6.56	836	0.24	30.87
Quarter ended December 1977	1 850	500	139.4	5.68	792	0.20	28.50
Quarter ended September 1977	1 409	348	148.5	5.24	777	0.25	36.95
Year ended September 1977	5 378	1 740	115.4	5.99	691	0.26	30.47
In addition, Area under tribute from President Steyn							
Basal reef							
Quarter ended December 1977	557	44	10.6	251.51	2 666	2.17	22.96
Quarter ended September 1977	606	42	24.0	59.00	1 416	0.44	10.64
Year ended September 1977	1 740	278	15.9	184.44	3 117	1.24	20.94

DIVIDEND
The dividend of 60 cents per unit of stock declared during the quarter ended September 30 1977 was paid on November 4 1977.

CAPITAL EXPENDITURE
Estimated expenditure for the year ending September 30 1978 is R11 500 000. In addition an amount of R16 500 000 is to be spent on the metallurgical complex of which approximately R8 500 000 relates to the extension of the treatment facilities.

Orders placed and outstanding on capital contracts as at December 31 1977 totalled R7 790 000 of which R5 655 000 was in respect of the metallurgical complex.

For and on behalf of the board
D. A. ETHEREDGE, G. S. YOUNG — Directors

January 20 1978

Welkom Gold Mining Company Limited

ISSUED CAPITAL: 12 250 000 SHARES of 50 cents each
PLANNED PRODUCTION FOR THE YEAR ENDING SEPTEMEBR 30 1978
Tonnage 2 100 000 Grade 6.3 grams per ton

	Quarter ended Dec. 1977	Quarter ended Sept. 1977	Year ended Sept. 1977
OPERATING RESULTS			
Tons milled	540 000	553 000	2 183 000
Yield—g/t	6.17	6.34	6.36
Gold produced—kg	3 334	3 509	13 886
Revenue per ton milled	R30.08	R24.63	R23.78
Cost per ton milled	R22.15	R21.35	R20.21
Profit per ton milled	R7.93	R3.28	R3.57
Revenue	R16 242 000	R13 621 000	R51 903 000
Cost	R11 961 000	R11 809 000	R44 126 000
Profit	R4 281 000	R1 812 000	R7 777 000
JOINT METALLURGICAL SCHEME (See Summary)			
Slime Delivered			
Tons	—	1 000	1 000
Grade			
gold—g/t	—	0.48	0.48
uranium—kg/t	—	0.14	0.14
sulphur—per cent	—	0.33	0.33
Estimated share of profit—net		—	—
FINANCIAL RESULTS			
Working profit—Gold	R4 281 000	R1 812 000	R7 777 000
Net sundry revenue	329 000	502 000	1 499 000
Profit before taxation and State's share of profit	4 610 000	2 314 000	9 276 000
Taxation and State's share of profit—estimated	1 942 000	364 000	926 000
Profit after tax and State's share—estimated	R2 668 000	1 950 000	R8 350 000
Capital expenditure—metallurgical complex—financed by way of loans	R15 000	R35 000	R371 000
—other	R552 000	R618 000	R3 951 000
Dividends declared—amount	—	3 369 000	4 288 000
—per share	—	27.5 cents	35 cents
Loan levies—estimated	R213 000	R36 000	R118 000

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area							
Basal reef							
No. 1	846	190	18.6	44.09	820	0.96	17.79
No. 2	882	73	25.3	17.19	435	0.32	8.07
No. 3	705	95	11.9	190.00	2 261	2.14	25.48
Quarter ended December 1977	2 431	358	18.1	62.93	1 139	0.99	17.99
Quarter ended September 1977	2 459	366	19.7	77.72	1 531	0.76	15.04
Year ended September 1977	8 755	1 600	18.4	75.00	1 380	0.84	1546
"B" Reef							
No. 1	25	16	208.6	0.45	93	0.05	9.86
No. 2	23	—	—	—	—	—	—
Quarter ended December 1977	48	16	208.6	0.45	93	0.05	9.86
Quarter ended September 1977	Nil						—
Year ended September 1977	—						—
Leader Reef							
No. 2	25						
No. 3	240	182	148.9	4.02	599	0.24	35.05
Quarter ended December 1977	265	182	148.0	4.02	599	0.24	35.05
Quarter ended September 1977	88	80	159.5	3.14	501	0.29	46.39
Year ended September 1977	266	180	147.6	3.84	567	0.35	50.95
Intermediate reef							
No. 1	61	34	256.9	0.87	222	0.23	57.92
Quarter ended December 1977							
Quarter ended September 1977	46	32	333.8	0.64	214	0.19	62.10
Year ended September 1977	102	92	307.5	0.60	184	0.19	58.03

DIVIDEND PAID
The dividend paid of 27.5 cents per share declared during the quarter ended September 30 1977 was paid on November 4 1977.

CAPITAL EXPENDITURE
Estimated expenditure for the year ending September 30 1978 is R4 500 000. Orders placed and outstanding on capital contracts as at December 31 1977 totalled R1 183 000 of which R38 000 was in respect of the metallurgical complex.

For and on behalf of the board
G. Y. NISBET, G. S. YOUNG — Directors

January 20 1978

Free State Saaiplaas Gold Mining Company Limited

ISSUED CAPITAL: 28 100 000 shares of R1 each
PLANNED PRODUCTION FOR THE YEAR ENDING SEPTEMBER 30 1978
Tonnage 1 200 000 Grade 4.0 grams per ton

	Quarter ended Dec. 1977	Quarter ended Sept. 1977	Year ended Sept. 1977
OPERATING RESULTS			
Mine production—tons milled	299 000	312 000	1 234 000
Yield—g/t	3.93	3.85	3.63
Gold produced—kg	1 174	1 201	4 482
Revenue per ton milled	R19.48	R15.83	R13.88
Cost per ton milled	R21.07	R20.69	R19.03
Loss per ton milled	R1.59	R4.86	R5.15
Revenue	R5 826 000	R4 940 000	R17 125 000
Cost	R6 300 000	R6 457 000	R23 484 000
Profit (Loss)	(R474 000)	(R1 517 000)	(R6 359 000)
JOINT METALLURGICAL SCHEME (JMS) (See Summary)			
Slime delivered			
Tons	550 000	507 000	932 000
Grade			
gold—g/t	0.37	0.41	0.40
uranium—kg/t	0.21	0.20	0.20
sulphur—per cent	0.76	0.80	0.82
Estimated share of profit—net	R988 000	R2 173 000	R2 173 000
FINANCIAL RESULTS			
Working profit (loss)—Gold	(R474 000)	(R1 517 000)	(R6 359 000)
Profit (loss) on sale of uranium oxide	—	(166 000)*	4 716 000
Share of JMS net profit—estimated	988 000	2 173 000	2 173 000
Net sundry revenue	719 000	1 553 000	4 604 000
*Cost adjustment on previous sale			
Profit (loss) before taxation and State's share of profit	1 233 000	2 043 000	5 134 000
Taxation and State's share of profit—estimated	—	—	—
Profit after tax and State's share—estimated	R1 233 000	R2 043 000	R5 134 000
Capital expenditure—metallurgical complex—financed by way of loans	R119 000	R10 000	R743 000
—other	R3 026 000	R2 518 000	R11 153 000
Dividends declared	—	—	—
Tonnage treated for President Brand on a cost plus service charge basis	115 000	125 400	499 500
SHAFT SINKING			
No. 3 Shaft			
Advance—metres	1.2	64.3	580.2
Depth to date—metres	1 683.3	1 682.1	1 682.1
Station cutting—metres	126.0	745.1	2 124.2

Sinking operations, which were stopped by the accident which occurred on October 7, were restarted on Decmber 31.

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
"A" reef							
Quarter ended December 1977	Nil	—	—	—	—	—	—
Quarter ended September 1977	Nil	—	—	—	—	—	—
Year ended September 1977	142	120	144.1	2.89	417	0.14	20.89
Leader reef							
Quarter ended December 1977	653	146	87.1	6.97	607	0.38	33.04
Quarter ended September 1977	444	116	70.8	7.30	517	0.33	23.06
Year ended September 1977	1 156	412	70.5	5.74	405	0.24	16.99
Basal reef							
Quarter ended December 1977	1 590	214	125.2	4.58	574	0.16	20.08
Quarter ended September 1977	1 482	46	86.3	5.79	500	0.27	22.90
Year ended September 1977	5 047	784	94.5	6.10	576	0.27	25.90

CAPITAL EXPENDITURE
Estimated expenditure for the year ending September 30 1978 is R12 000 000.
Orders placed and outstanding on capital contracts as at December 31 1977 totalled R1 301 000 of which R33 000 was in respect of the metallurgical complex.

For and on behalf of the board
G. S. YOUNG, D. A. ETHEREDGE — Directors

January 20 1978

JOINT METALLURGICAL SCHEME

SUMMARY

	Quarter ended Dec. 1977	Quarter ended Sept. 1977	Year ended Sept. 1977
(i) Flotation plant			
slime treated—tons	3 488 000	2 960 000	4 767 000
(ii) Uranium plant			
slime treated—tons	553 000	516 000	913 000
concentrate treated—tons	60 000	38 000	84 000
uranium oxide produced—kg	105 905	94 420	206 845
(iii) Acid plant			
acid produced—tons	58 848	57 805	137 668
(iv) Gold plant			
calcine treated—tons	40 938	34 522	34 522
gold produced—kg	209	114	114
(v) Profit (loss) — after taking into account service charges			
gold	(R1 308 000)	—	—
uranium	R2 344 000	R3 800 000	R3 800 000
acid	R291 000	—	—
Total	R1 327 000	R3 800 000	R3 800 000

NOTE
Other than profit from uranium all net revenue to September 30 1977 was capitalised.
Due to the problems encountered in commissioning the original and new plants in the Joint Metallurgical Scheme, production has not come up to early forecasts. In order to meet sales commitments a provision is being raised by participants in each quarter of the current financial year to finance the purchase of uranium during the year from other sources within the Group.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED

GENERAL NOTE
Development values represent actual results of sampling, no allowance having been made for adjustments necessary in estimating ore reserves.

The Transvaal Group's results appear on another page in this paper.

Copies of these reports will be available on request from the offices of the Transfer Secretaries:

Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

LONDON OFFICE: 40 HOLBORN VIADUCT, EC1P 1AJ

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Enka loss cut but result worse than expected

BY CHARLES BATCHELOR — ARNHEM, Jan. 19

ENKA GLANZSTOFF, the chemical fibres subsidiary of Akzo, does not expect to return to profit this year despite reducing its loss in 1977. Last year's loss was lower than the Fls.161m. in 1976, but this was still worse than expected, Mr. Josef Hutter, deputy group chairman, told a Press conference. These losses exclude extraordinary items.

Chemical fibre shipments fell 6 per cent. in 1977 to 319,000 tonnes. Shipments of textiles yarns and fibres fell 13 per cent. while industrial yarns fell 4 per cent. This was due to a deliberate reduction of capacity at Enka and to a major German customer starting up his own fibre production.

This illustrates the distorting effect of Government assistance, Dr. Hans Guenther Zempelin, chairman of Enka, said. The German stocking and tight manufacturer, Kuhnert, set up a factory in Bavaria with capacity of 15,000 tonnes with aid from the state Government. This forced Enka to close down 10,000 tonnes of production capacity in Germany.

The cuts at Enka meant use of capacity was relatively high at 84 per cent., compared with the average of 60 per cent. for European producers as a whole.

Sales of Enka fell 9 per cent. to Fls.2.9bn. in 1977. This was partly due to cuts in capacity but also to a fall in textile fibre and yarn prices.

The industrial yarns division *made a profit in 1977.* Enka is continuing to shift capacity to industrial fibres and away from textile fibres. The textile fibres division accounted for 42 per cent. of total sales last year, against 60 per cent. in 1970.

Mr. Hutter added that personnel at Enka's Dutch and German factories fell by 2,700 to about 28,000 last year.

Investments in 1977 were about the same as the year before at Fls.100m. Significantly, investments were made in, or in the development of, new product areas.

Prospects for the current year are satisfactory for industrial yarns, although there will be little change in the textile fibre market where over-capacity in Europe is around 30 per cent.

Enka says it can only achieve an improvement in its results *this year from its internal re*organisation. The extension of the multi-fibre accord and reductions that have been achieved in textile fibre capacity will have no marked impact on profits in 1978.

Crédit Suisse bond issue

BY JOHN WICKS — ZURICH, Jan. 19.

CREDIT SUISSE, of Zurich, is to issue a further Sw.Frs.100m. of bonds in a public offering from January 25 to 31. This follows a Sw.Frs.100m. issue on the capital market as recently as late November. The new issue will have a coupon of 3.75 per cent., as compared with the 4 per cent. offered in November.

The new 15-year issue will be offered to the market at 101 per cent. Its proceeds will go to the conversion or repayment of three former loans of Schweizerische Bodenkredit-Anstalt, which was taken over some time ago by Credit Suisse, totalling Sw.Frs.53m. and being redeemed prematurely, as well as to finance long-term Credit Suisse business.

Paul Betts writes from Rome: Further evidence of Credit Suisse's restructuring programme of its Italian interests following the Chiasso Affair emerged to-day with the sale of three plastic manufacturing plants controlled by the Swiss bank in Northern Italy to a small Milan-based private concern.

At a Press conference to-day, the Milan company, Caleppio SpA, reported that it had bought some L3½bn. (about £2m.) The three plants from the Ampaglas and Dugaplast concerns, both controlled by Texon Finanzanstalt, the Liechtenstein-based company at the centre of the Credit Suisse Chiasso scandal whose affairs have now been taken over by Credit Suisse.

Caleppio, which currently has an annual turnover of some L13bn., and operates in the plastics sector, now proposes to expand its activities and increase its capital.

EUROBONDS

Few new issues on offer

By Mary Campbell

THE PRICING of four issues yesterday and the postponement of one due for announcement in the D-Mark sector leave very few new issues on offer on the international bond markets. Most remarkably, there is not a single issue on offer in D-Marks.

In the dollar sector, the Daiichi Chuo issue was priced at 99. The only dollar issue on offer in the Eurobond market now is the ECSC $30m. offering.

In the D-Mark sector, the World Bank DM500m. offering was priced on the indicated terms and, despite its large size, was holding up well in secondary market trading. The Brazilian offering, which was increased in size earlier this week, has been priced at par on a 6¾ per cent. coupon as indicated. This was said to have gone extremely strongly.

The D-Mark sector was again stronger yesterday, with substantial turnover.

The issue postponed was DM200m. due from Commerzbank. The reason for the postponement was thought to be delays in approval from the New Zealand Government, for whom the offering was apparently due to be made.

The dollar sector continued to pick up yesterday morning but fell back a bit in the afternoon, dealers reported, mainly on professional profit-taking and in line with the dollar on the exchange markets.

Options clearing house

BY MARGARET REID

A MULTINATIONAL consortium has set up a new Dutch company, First Options of Amsterdam, to act as an options clearing house and dealer on Holland's proposed new European Options Exchange, which is due to start operations on April 4.

The new venture is the first clearing house whose formation has been announced, though it appears that some four or five Dutch banks and other financial bodies are also to set up clearing houses to participate in the planned new market.

Merrill Lynch, the largest U.S. international stockbroking concern, has applied for, and been accepted as, a public floor-broking and clearing member of the EOE.

First Options of Amsterdam is jointly owned by Barclays Kol, an Amsterdam banking and stock market concern in which Barclays Bank International has a stake of more than 80 per cent, First Options of Chicago, and an overseas subsidiary of the London stockbroking concern, W. I. Carr Sons, which has played a leading part in researching options trading.

The Amsterdam-based European Options Exchange, through which investors will be able to trade, under standardised terms, in options to buy shares in future at predetermined prices, is likely to deal, in its first year, in options in some 60 shares of European, British and U.S. companies. It aims to deal, within 12 months, in options in 30 British shares, probably beginning with five or six of the largest companies including Shell Transport, BP, ICI and perhaps GKN.

Present indications are that the limited British options trading operation, planned to be conducted under the control of the Stock Exchange, will be launched at much the same time as the Amsterdam venture. A project for a joint Dutch-British options exchange, modelled on the active Chicago Board Options Exchange, which has been running for nearly five years, was shelved in 1976 to be replaced by the present two separate ventures.

The new First Options of Amsterdam will have major forces behind it. Barclays Bank International, in the Barclays Bank group, has offices in over 70 countries. And another of its three owners, First Options of Chicago, was said yesterday by its vice-president and controller, Mr. Howard Lawrence, to be the largest clearing member of the CBOE, clearing some 16 per cent. of the business there.

The new First Options of Amsterdam will have authorised capital of Fls.2½m. (£570,000), of which Fls.1.33m. is likely to be paid up initially, and access to another Fls.2½m. in subordinated capital from its owners. It is expected to offer clearing services to concerns which want to join the EOE but which do not have a place of business in Amsterdam.

AMERICAN NEWS

BMW taps commercial market

By Our Own Correspondent — NEW YORK, Jan. 19.

BMW North America, the importer of Bavarian Motor Works cars, is joining the select list of European-owned companies tapping the U.S. commercial paper market for funds.

The company disclosed to-day that it will issue up to $35m. in commercial paper, using the proceeds for short-term working capital requirements resulting from the importation and distribution of cars through the company's 315-member dealer distribution organisation. The company says that the favourable interest rates and attractions of an alternate source of finance help to explain its decision.

The commercial paper market enables companies to issue notes with a short maturity—in BMW's case not more than 270 days—in order to raise finance. The market frequently brings together companies with spare cash and those seeking short-term funds. It has grown rapidly in the past two years because the costs of borrowing through commercial paper issues have been significantly lower than the costs of borrowing at prime rate from U.S. commercial banks.

About 25 foreign companies are active in the market, including Unilever subsidiary Thomas J. Lipton and British American Tobacco subsidiary Brown and Williamson. One of the biggest foreign borrowers is Electricite de France which has over $1bn. outstanding, backed by a French government guarantee.

In BMW's case, since the company did not want to release detailed financial information about its U.S. subsidiary, and because it wanted the top rating from the credit rating agencies (which it got) the paper it issues will be backed by a bond of indemnity issued by a leading U.S. insurance company, Aetna Life and Casualty.

Sun pays $290m. for Becton Dickinson stake

BY STEWART FLEMING — NEW YORK, Jan. 19.

IN ANOTHER major diversification by a leading U.S. oil company, Sun Company, the thirteenth largest U.S. oil producer has bought 34 per cent. of the shares of Becton Dickinson for $293m.

Becton Dickinson is one of the biggest manufacturers of medical, surgical and laboratory equipment including syringes, needles, blood collecting equipment and bacteriological culture media as well as producing other medical products such as protective clothing and electronic test equipment.

The acquisition of the stake by Sun Company has been one of the most carefully engineered shifts in the control of a top U.S. company for several years and reflects among other things dissatisfaction among major shareholders with the unseating in April of last year of Mr. Farleigh S. Dickinson Jr., then the chairman.

Through Wall Street investment bankers Salomon Brothers, according to a Sun Company spokesman, Sun bought its 34 per cent. stake from 24 institutional shareholders, seven other shareholders and from Mr. Dickinson and his daughter.

Sun said that now it has acquired the 6.5m. shares it is considering a merger or other form of combination between Sun and Becton Dickinson. A merger would value Becton Dickinson at close to $1bn., making it the largest such transaction so far this year and one of the largest of the past two years during which a renewed merger wave has been hitting the U.S. stock market.

In its latest financial year Becton Dickinson reported sales revenues for the period ending September, 1977, of $596m., net profit of $46.5m. and earnings per share of $2.45.

It has one of the best earnings records in the U.S. with earnings per share rising every year since 1962 with one exception, 1971.

In 1968 the company's earnings per share were 87 cents, net profit $13.9m. and sales revenues $174.4m.

In 1976 Sun Company reported sales of £5.4bn., profit after tax of $356m. and earnings per share $7.33.

Sun chairman, Mr. H. Robert Sharbaugh, said that "the purchase is consistent with the company's long-stated intention to diversify our business interests in preparation for the day when our oil and gas operations decline as they inevitably must since they are non-renewable resources."

He added that the company is considering purchasing additional shares in brokerage or private transactions.

SEC chief urges new board structure

BY OUR OWN CORRESPONDENT — NEW YORK, Jan. 19.

RADICAL CHANGES in the composition of the board's of U.S. corporations have been proposed by the chairman of the Securities and Exchange Commission, Mr. Harold Williams.

The proposals, part of a growing debate in the U.S. about the structure of company boards; include a restriction on the number of management representatives among a company's directors to only one—"ideally" the chief executive officer.

Concern about the independence and influence of outside directors has been a recurrent theme, particularly in the wake of the company failures earlier in the decade and the corporate bribery scandals of the past few years.

Although Mr. Williams is suggesting that the restructuring of company boards should be voluntary rather than by regulation and law, his proposals are far-reaching.

Apart from restricting executive directors to only one and recommending that the executive director should not also be the chairman, Mr. Williams in a speech to the Securities Regulation Institute of San Diego also suggested that other members of management should be excluded, along with "outside counsel, investment bankers commercial bankers and others who might realistically be thought of as suppliers hired by management."

The objective of such reform would be to make the board totally independent of management. This would prevent a minority of outside directors being controlled by a majority of executive directors. In addition it would prevent a situation were a chief executive can wield "intimidating power" over a majority of directors who are dependent upon him for their seats.

Earlier this week the SEC issued a report suggesting that outside directors have an obligation to check the accuracy of information which their companies provide investors.

The report criticised six of the seven non-executive directors of National Telephone — which is now in bankruptcy proceedings—for failing in this obligation.

Quick sale for ICI offer

By Our Own Correspondent — NEW YORK, Jan. 19.

THE PUBLIC offering of $175m. of long term debt by Imperial Chemical Industries' U.S. subsidiary, ICI North America, sold quickly to-day on the New York bond market, according to syndicate members.

The offering, the second such issue by ICI (it first raised money this way in 1975 with a $100m. offer carrying a nominal interest rate of 9.05 per cent.) sold down to "tag ends," dealers said, indicating that few of the bonds are left in syndicate hands.

The issue was priced at $99⅜ plus accrued interest to yield 8.94 per cent. to maturity in the year 2003. The sinking fund debentures carried a nominal interest rate of 8⅞ per cent. and were Triple-A rated by Moodys and Double-A rated by Standard and Poors.

At this level the extra cost of the issue to ICI over a comparable Double-A rated U.S. chemical bond was about 40 basis points.

Reynolds ends year on strong note

REYNOLDS METALS ended 1977 on a strong note with fourth quarter earnings amounting to £23.3m. or $1.20 a share, compared with $18.9m. or $1.05 a year earlier, Reuter reports.

The latest figures include foreign currency translation losses of about $6m. or 32 cents a share, compared with about $3.7m. or 21 cents in 1976.

However, commenting on the figures, David P. Reynolds, chairman, said shipments in the first half of 1977 were ahead of a year earlier, but for the full year they were down slightly because of a slowdown in the growth rate of the general economy during the second six months.

Primary operating rate at the end of the year was 84 per cent. of North American capacity, and the previously reported restart of idle capacity now under way in the Pacific North-west will increase the rate to 90 per cent.

Westinghouse contract probe

PITTSBURGH, Jan. 19.

WESTINGHOUSE ELECTRIC Corp. said that the Department of Justice and the SEC are conducting an investigation into the awarding of a nuclear power plant contract in the Philippines *to Westinghouse, AP-DJ reports.*

The inquiry is being made by a special task force under the direction of the criminal division which was created last year to conduct broad investigations of questionable corporate payments.

Westinghouse said it expects these investigations to clear up "the confusion caused by recent media reports."

Westinghouse also reported fourth quarter 1977 net earnings of $61m. or 78 cents a share, against $62.4m. or 71 cents a share in 1976. Latest figures include an extraordinary item for settlement of uranium supply lawsuits of $16.8m.

Annual net earnings were $250.8m. or $2.86, compared with $223.2m. or $2.54 for 1976.

Borden in Dow Chemical deal

By Kevin Done, Chemicals Correspondent

BORDEN, the chemicals and food products group, is expanding its European chemical operations with the acquisition of a group of small plants from Dow Chemical, one of the leading chemical conglomerates.

Borden has acquired the formaldehyde, synthetic resin and moulding powders production facilities of Dow Chemical Iberica at Bilbao in the north of Spain.

Last year Dow Iberica's sales of formaldehyde, resins and moulding powders were in the region of £8m. Borden has acquired the plants for about £6m.

AMC switches engines

BY JOHN WYLES — NEW YORK, Jan. 19.

AMERICAN MOTORS (AMC), the troubled small-car producer, has abandoned plans to build a Volkswagen car engine under licence in the United States and has turned instead to General Motors as a supplier of four-cylinder *engines for its 1980* models.

After a year in which its volume sales dropped by 25 per cent. and its market share by 1 per cent., it is not totally surprising that AMC should have decided to save most of the $60m. investment originally slated for a plant to manufacture Volkswagen engines under licence.

Moreover, the new arrangement with General Motors will give AMC access to the number one automobile producer's technical achievements in the fields of emissions control and fuel *economy. It is doubtful whether* AMC has the resources on its own to make the developments necessary to comply with ever tightening Federal standards in these areas.

Mr. Ian Anderson, AMC's chief administrative officer, said yesterday that his company would continue to buy engines from VW under a revised agreement, and will offer them in some 1978 and 1979 car lines.

AMC began offering the engine about a year ago in some of its Gremlin models and has also made it available in its new luxury small car, The Concord. About 15,000 engines have so far been supplied by VW since the contract was signed in 1975. Mr. Anderson acknowledged yesterday that investment in an engine plant "didn't appear economical to make at the moment."

He also said that AMC had wanted a slightly larger engine than the two-litre VW and that *the GM version will be 2.5 litre* and will be acquired from GM's Pontiac division.

Machine tool merger

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

A MERGER planned between the U.S. groups Giddings and Lewis and Motch and Merryweather to form one of the world's largest machine tool groups will have repercussions in Europe.

Together the American groups will have an annual turnover of around $250m. of which around $50m. is in non-machine tool operations such as the manufacture of industrial brushes, foundry equipment and air cylinders.

Both companies have U.K. manufacturing subsidiaries. Giddings and Lewis-Fraser, based in Arbroath, Scotland, has a turnover approaching £4m. Motch and Merryweather's offshoot is Cone-Blanchard at Aldridge, Walsall.

Mr. Pat Gailey, managing director of G and L-F, said yesterday that the merger, when it goes through, should not result in too many changes in the U.K. businesses. "We don't compete anywhere. But there is some scope for an exchange of information and market intelligence."

Motch and Merryweather is also the biggest importer of European machine tools into the U.S. and is the agent for SIP, part of the Swiss engineering giant, Societe Genevoise, and Heller of West Germany.

It has also distributed Giddings and Lewis machine tools for many years in the U.S. and claims to cover 80 per cent. of the industrialised states through direct-selling operations as well as recently moving into Canada.

RCA 39% ahead at peak $247m.

By John Wyles — NEW YORK, Jan. 19.

RCA CORPORATION climbed to record earnings in 1977 on the back of best-ever performances by most of its subsidiaries, from Hertz Car Rental to Random House Publishing.

At $247m., the company's net profits in 1977 were 39 per cent. higher than the year before, although the 1977 net profit of $177.4m. was depressed to the tune of $20m. by a write-down in the value of RCA's U.K. subsidiary Oriel Foods Group.

Fully diluted net earnings per share in 1977 were $3.11 compared with $2.24 on sales of $1.65bn. as against $1.46bn. the year before. Fourth quarter net earnings were $65.5m. (88 cents a share) compared with $56m. (73 cents a share).

Mr. Edgar Griffiths, RCA's president and chief executive, said that the peak profit had been based on earnings records by seven divisions and subsidiaries, Hertz Corp., National Broadcasting Company, Coronet Industries, RCA Records, RCA Service Comany, Solid State and Oriel Foods.

According to analysts, much of RCA's achievement results from increasing the quality of its product lines in most markets. Thus the development of a new picture tube has helped the colour television manufacturing division to sell more sets than ever before during a year in which the market, of which RCA has about 20 per cent., proved to be the second largest in history.

During this fourth quarter RCA's expectations of the consumer electronics sector were heightened by its introduction of a four-hour videotape recorder produced by the Japanese company Matsushita. This is selling for $1,000 in a market which Mr. Griffiths said to-day should reach $1bn. in 1979.

Raytheon optimistic

UNUSUAL strength in both Raytheon Co's Government and commercial electronics business helped boost fourth quarter net income by 41 per cent. and has created "good conditions" for a dividend increase this year Mr. Thomas L. Phillips chairman and chief executive, told AP-Dow Jones in Lexington. Phillips said fourth quarter net income rose to about $30m. or 97 cents a share from $21.2m. or 69 cents a share a year earlier adjusted *for a two-for-one stock split last* June. Fourth quarter sales rose about eight per cent. to about $749m. from $687.4m. but he cautioned against extrapolating trends from fourth quarter results. More indicative he said was the 32 per cent. gain in profit for all 1977 on a 14 per cent. increase in sales. Net profit rose about 32 per cent. last year to $112.5m. or about $3.65 per share from $85.2m. or $2.79 a share in 1976. Sales rose 14 per cent. to about $2.820bn. from $2.463bn. in 1976 he said.

Electronics lift for Rockwell

ROCKWELL INTL, the aero-engine manufacturer, announced net profit for the first quarter to December 31 of $40.1m. or $1.15 a share compared with $29.3m. or 85 cents previously. Fully diluted share earnings were $1.05 against 5.78 cents. Sales totalled $1.35bn. against $1.35bn.

Robert Anderson, president, said the 37 per cent. increase in earnings reflected continuing earnings growth in the electronics business and in the utility and industrial operations which he said benefited from a $5m. net gain on a property sale.

Also cited for the improvement was the improved performance of the company's consumer operations which was primarily due to reduced losses in the Admiral group.

Total backlog including unfunded aerospace orders was $4.1bn. as of December 31 against $4.8bn. a year earlier. Backlog of commercial and funded aerospace orders was $2.8bn. ($2.4bn.).

U.S. QUARTERLIES

GREAT NORTH NEKOOSA

Fourth Quarter	1977 $	1976 $
Revenue	234.1m.	215m.
Net Profits	15.5m.	14.8m.
Net per share	0.98	0.96
Year		
Revenue	923.3m.	844.6m.
Net profits	77.2m.	62.1m.
Net per share	3.84	4.05

STAUFFER CHEMICAL

Fourth Quarter	1977 $	1976 $
Revenue	275.2m.	251.2m.
Net profits	32.4m.	24.4m.
Net per share	1.49	1.11
Year		
Revenue	1.23bn.	1.10bn.
Net profits	116m.	113m.
Net per share	5.42	5.20

NCR CORP.

Fourth Quarter	1977 $	1976 $
Revenue	774.3m.	715.8m.
Net profits	59.3m.	38.9m.
Net share dil.	2.07	1.41
Year		
Revenue	2.52m.	2.31bn.
Net profits	143.6m.	95.6m.
Net per share	5.09	3.60

WESTERN BANCORP.

Fourth Quarter	1977 $	1976 $
Net before secs	34m.	24m.
Net per share	1.43	1.02
Year		
Net before secs	120bn.	90bn.
Net per share	5.04	3.78

MARINE MIDLAND

Fourth Quarter	1977 $	1976 $
Net profits	5.[illegible]m.	3.2m.
Net per share	0.45	0.25
Year		
Net profits	17.4m.	8.2m.
Net per share	[illegible]	0.64

PARKER HANNIFIN

Fourth Quarter	1977 $	1976 $
Net profits	6.8m.	5.8m.
Net per share	0.68	0.58

IMP. CORP. OF AMERICA

Fourth Quarter	1977 $	1976 $
Revenue	111m.	91.1m.
Net profits	15.6m.	11.7m.
Net per share	1.14	0.85
Year		
Revenue	410.1m.	335.9m.
Net profits	56.2m.	40.7m.
Net per share	4.10	2.98

MARSH AND McLENNAN

Fourth Quarter	1977 $	1976 $
Revenue	103.[illegible]m.	87.4m.
Net profits	10.3m.	9.4m.
Net per share	0.79	0.69
Year		
Revenue	430.4m.	355.4m.
Net profits	56.1m.	46.9m.
Net per share	4.07	3.41

TRANSAMERICA

Fourth Quarter	1977 $	1976 $
Revenue	831.5m.	712.2m.
Net profits	39.3m.	29m.
Net per share	0.60	0.44
Year		
Revenue	3.21bn.	2.73bn.
Net profits	171m.	114.5m.
Net per share	2.56	1.71

CHAMPION INT. CORP.

Fourth Quarter	1977 $	1976 $
Revenue	769.6m.	771.6m.
Net profits	15.3m.	31.8m.
Net per share	0.27	0.63
Year		
Revenue	3.12bn.	3.07bn.
Net profits	138.6m.	135.9m.
Net per share	2.49	2.51

REPUBLIC STEEL

Fourth Quarter	1977 $	1976 $
Revenue	732.8m.	584.3m.
Net profits	15.0m.	9.2m.
Net per share	0.93	0.57
Year		
Net profits	41.0m.	65.9m.
Net per share	2.54	4.07

PACIFIC GAS & ELECTRIC

Fourth Quarter	1977 $	1976 $
Revenue	946.8m.	712m.
Net profits	66.0m.	71.2m.
Net per share	0.73	0.81
Year		
Revenue	3.5bn.	2.7bn.
Net profits	282.4m.	238.3m.
Net per share	3.15	2.90

UNITED STATES TST. OF N.Y.

Fourth Quarter	1977 $	1976 $
Net profits	2.8m.	2.6m.
Net per share	0.94	0.86
Year		
Net profits	9.2m.	8.9m.
Net per share	3.07	2.97

OWENS-CORNING FIBERGLAS

Fourth Quarter	1977 $	1976 $
Revenue	439.1m.	297.0m.
Net profits	35.8m.	21.2m.
Net per share	2.38	1.41
Year		
Revenue	1.48bn.	1.08bn.
Net profits	112.5m.	71.8m.
Net per share	7.48	4.80

FIRST CITY BANCORP. TEXAS

Fourth Quarter	1977 $	1976 $
Net profits	12.4m.	9.2m.
Net per share	1.12	0.83
Year		
Net profits	41.5m.	34.6m.
Net per share	3.78	3.33

ETHYL CORP.

Fourth Quarter	1977 $	1976 $
Revenue	318.2m.	289.3m.
Net profits	17.6m.	15.7m.
Net share dil.	0.86	0.72
Year		
Revenue	1.28bn.	1.13bn.
Net profits	78.0m.	69.1m.
Net share dil.	4.29	3.59

ALCOA

Fourth Quarter	1977 $	1976 $
Revenue	826.5m.	140.4m.
Net Profits	44.78m.	39.63m.
Net Per Share	1.27	1.13
Year		
Revenue	3.42bn.	2.92bn.
Net Profits	195.21m.	143.79m.
Net Per Share	5.58	4.14

SO. CALIF. EDISON

Fourth Quarter	1977 $	1976 $
Revenue	536.4m.	458.4m.
Net profits	61.2m.	59m.
Net per share	0.90	0.97
Year		
Revenue	2.06bn.	1.88bn.
Net profits	256.8m.	221.7m.
Net per share	3.88	3.70

BURLINGTON INDS. INC.

First Quarter	1978 $	1977 $
Revenue	591.9m.	550.6m.
Net profits	14.5m.	20.2m.
Net per share	0.51	0.71

SOUTHERN PACIFIC

Fourth Quarter	1977 $	1976 $
Revenue	524m.	485m.
Net profits	26.3m.	32.2m.
Net per share	0.98	1.20
Year		
Revenue	2.10bn.	1.88bn.
Net profits	118m.	109m.
Net per share	4.39	4.10

ALLIED CHEMICAL

Fourth Quarter	1977 $	1976 $
Revenue	757m.	658m.
Net profits	35.9m.	41.2m.
Net per share	1.28	1.48
Year		
Revenue	2.9bn.	2.6bn.
Net profits	132m.	117m.
Net per share	4.70	4.19

COMMONWEALTH EDISON

Fourth Quarter	1977 $	1976 $
Revenue	523m.	478m.
Net profits	59m.	64m.
Net per share	0.68	0.83
Year		
Revenue	2bn.	1.9bn.
Net profits	246m.	241m.
Net per share	2.86	3.20

AIRCO INC.

Fourth Quarter	1977 $	1976 $
Revenue	235.4m.	214.4m.
Net profits	13.1m.	14.1m.
Net per share	1.10	1.30
Year		
Revenue	920.1m.	841.7m.
Net profits	55.5m.	54m.
Net per share	4.70	4.68

SCM CORP.

Second Quarter	1977 $	1976 $
Revenue	359.6m.	337.8m.
Net profits	7m.	8.5m.
Net per share	0.75	0.91
Six Months		
Revenue	725m.	673.2m.
Net profits	17.3m.	19.7m.
Net per share	1.85	2.11

CHARTER N.Y.

Fourth Quarter	1977 $	1976 $
Net profits	13.4m.	12.6m.
Net per share	1.53	1.43

هكذا من الأصل

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Air France's re-equipment programme

BY DAVID CURRY

PARIS, Jan. 19.

...FRANCE is to spend almost ...9bn. (£865m.) on re-equip... over the next three years. ...ldition, it has given a firm ...taking to buy the new ...pean medium-haul airliner ...ded it is competitive in ...of cost and performance. ...Pierre Giraudet, the Air ...e chairman, said that the ...any envisaged the purchase ...ore than 50 of this new air... beginning with as many as ...aircraft with a 130-seat ...ity.

...se are some of the main ...es in the "contract" Air ...e will shortly sign with its ...t—the State. The contract ...fact, an elaborate planning ...ment whose main purpose, ...as the airline is concerned, ...draw a clear line between ...le as a commercial opera... and its role as an instru... of government policy. For ...ling the latter capacity it ...eceive specific payments, or ...ensations.

...France, the country's third ...st foreign currency earner after Renault and Peugeot-Citroen, has always had this dual role. Over the past few years the company has demanded a "renegotiation" of the balance between business and national interest operations on the grounds that the latter restraints had begun to compromise seriously its growth and reputation and that the compensations had become inadequate.

There have been three restraints. First, the requirement to maintain in operation a fleet of old Caravelle aircraft until a European rather than American replacement became available. It has now been agreed that Air France will receive, from 1977 to 1980, payments of Frs.100m., Frs.85m. and Frs.16m. in the three years respectively covering the extra costs involved in operating Caravelles. The payments diminish because at last the airline is to be permitted to take them out of service.

In their place the company will acquire on a temporary basis 13 Boeing 737s (the company wanted 20). But firm guarantees have been given that Air France will be first in line for the new European airliner now being discussed between France, Germany and the U.K. M. Giraudet envisaged purchases in three batches of, respectively, 20, 12 and 20 aircraft. First deliveries are hoped for in the first half of 1984. These will replace both 737s and 727s.

Still on the subject of fleet enlargement, the contract provides for the purchase of a further seven Boeing 747s and a further seven airbuses by the end of 1980. This will give the company a 747 fleet of 26 (including five pure cargo) in 1980 and a fleet of 18 airbuses in 1981. The government has clearly nudged Air France towards further airbus purchases rather than permitting it to acquire as many Boeing 737s as it wanted.

These sub-sonic purchases account for Frs.7.4bn. of the investment over the next three years. It is foreseen that Frs.2.74bn. will come from the company's own resources, some Frs.300m. via a state contribution to increased capital, and the rest from the domestic and international markets.

The second obligation restraint on the airline was the division of operations between the airports of Orly and Roissy/Charles de Gaulle. It has been agreed that traffic will be concentrated on Roissy and that the state-owned carrier Air Inter will also divert some internal flights to Roissy.

This will permit the compensation for the split operations to diminish from Frs.110m. this year through Frs.80m. to Frs.60m. Air France noted that the state conceded only 60 per cent. of its claims, ignoring those for loss of traffic resulting from the unwillingness of passengers to change airports to fly the flag.

The third restraint was the operation of Concorde. The state has agreed to reimburse entirely the costs of investment in the Concorde services including the purchase cost of the aircraft. In addition, it will cover 70 per cent. of the operating losses of Concorde, though Air France says that its supersonic services should be out of the red after 1979.

Air France reckons that Concorde needs to fly 2,750 hours per aircraft annually to be profitable: last year the company's four machines flew each on average 1,675 hours.

Other parts of the contract deal with growth expectations and productivity, and with the company's own promises of financial recovery. The fleet acquisition programme is based on an average annual increase of capacity of 7 per cent. for passenger traffic and 14 per cent for freight, more modest than Lufthansa's forecast but still on the optimistic side. It is expecting its aircraft to be 62.1 per cent. full in 1978 against 61.8 per cent. last year.

Dividend up as Mauri recovery continues

By James Forth

SYDNEY, Jan. 19.

MAURI BROTHERS and Thomson, the diversified food products group, continued its recovery from the 1976 setback with a solid 27.5 per cent. improvement in earnings, from $A1.22m. to $A1.56m. in the November half-year.

The directors have restored the 6 cents a share dividend rate paid in 1974 and 1975 with an interim payment of 3 cents. In 1976 the rate was cut to 4.5 cents and edged up to 5.5 cents in 1977.

If the profit growth is maintained Mauri Brothers will pass the record $A3.9m. earned in 1975. In 1976 earnings slumped to $A1.1m. prompting the company to cease production of many of its canned products. The Heinz Group now makes the products under contract for Mauri.

The rate of profit increase outpaced sales, which rose almost 19 per cent. from $A57.4m. to $A68.3m.

The directors said that the company is budgeting for a sustained improvement in earnings for the full year, but cautioned that the economic climate was still uncertain, particularly in New Zealand.

The higher profit in the November half came from most sections. Health Foods had record sales and marginally improved results because of the rationalisation arrangement with Heinz. The industrial food division lifted turnover and earnings.

SANTAM-SANLAM

A banking issue

BY RICHARD ROLFE

JOHANNESBRG, Jan. 12.

SUSPENSION THIS week of the shares in Santam Bank, the ninth largest bank in South Africa, may signal a further round of rationalisation among the smaller banks in the Republic, particularly those within the sphere of influence of Sanlam, the Afrikaaner life insurance group. Twelve months ago, Sanlam baled out the Trust Bank, which had run into liquidity problems, by engineering a reverse takeover by Bankorp, the quoted holding company for a number of smaller banks in which Sanlam had an interest.

A joint statement from Sanlam and Santam says that the two will be holding discussions this week on rationalisation of their insurance activities, with the relisting of Santam shares provsionally set for not later than February 1. But the talks on insurance may pave the way for integration of the banking side of the two groups as well.

Despite its massive life activities, Sanlam has no short term insurance interests. So rationalisation of the insurance side of Santam, in which Sanlam already holds 33 per cent. would enable the life group to market combined life and short term package deals to clients, while simultaneously reducing overheads. In the last accounts of Santam Bank, holding company for the Santam insurance and banking interests, gross premium income on the short term side was R104m., making Santam one of the biggest short term insurers in the Republic.

In addition, Santam owns other insurance subsidiaries involved in broking, underwriting and reinsurance as well as a general bank, Santam Bank, and 84 per cent. of the merchant bank Mercanbank. When the shares were suspended at 65 cents, Santam was capitalised at R23m. and should the talks progress satisfactorily, a bid is likely at about this level.

While the official announcement of the talks does not indicate any discussions beyond the insurance interests, sources close to both groups suggest that the banking activities of Sanlam and Santam will be involved as well.

Through the listed Bankorp group, Sanlam controls Bank of Johannesburg, Trust Bank, the merchant bank Senbank, and Kredietbank, while a successful offer for Santam would add control of Santam Bank and Mercabank. But liquidity in the R1.7bn. Trust Bank in particular remains strained, largely because of long standing property commitments.

Santam Bank, by contrast is low geared. At September 30, it had shareholders funds of R17m. against deposits of R177m. On the 16:1 ratio permitted by the authorities, this gives considerable scope for expanding the Santam banking activities.

At the back of Sanlam's rationalisation is its developing confrontation with Volkskas, the other major Afrikaner financial power. A year ago, Sanlam was the biggest shareholder in both Volkskas and Trust Bank.

When Sanlam's original rescue plan for Trust Bank, a merger with Volkskas was rejected by the latter's Board, Sanlam disposed of its Volkskas shareholding, which was placed with the Rembrandt tobacco group. Since then, the lines have been drawn for heightened competition between the Sanlam-dominated banks and Volkskas, which traditionally have been friendly associates.

...ulabank ...rofits ...oubled

...ancial Times Reporter

...-LATIN AMERICAN Bank ...ibank), the London-based ...rtium bank which links ...pean bank shareholders ...Latin American bank share...rs, has announced after tax ...s in the year ended last ...mber 30 of £1.53m. more ...double the previous year's ...e of £0.63m.

...the same time, it has ...unced that two new Latin ...ican shareholders have ...d the bank. Banco Industrial ...Venezuela has subscribed ...000 worth of shares (or 6 ...cent., the same as all the ...Latin American share...rs).

...uador's Banco del Pichincha ...subscribed £120,000 worth of ...s, or 1 per cent. These two ...subscriptions mean that the ...American shareholding in ...bank has now reached its ...duled 50 per cent. of the .... There is still room for ...nsion in the European ...eholding—3 per cent. of the ...al, reserved for Europeans, ...still to be allocated.

...ir India ...arnings up

...P. C. Mahanti

CALCUTTA, Jan. 19.

...INDIA, which recently ...a Jumbo 747 in a ...air disaster off the Bombay ...it has earned a profit of ...ees 170m. during the first ...n months of the current ...ncial year. The airline ...ed almost the same profit ...the whole of the previous ...ncial year.

...lthough it is not officially ...itted, the airline manage...t is being clearly hard put ...to maintain its existing ser...s to the Middle East on ...h route the disaster-hit ...bo was being used.

DOMESTIC BONDS

German call for flexible monetary policy

BY JEFFREY BROWN

THE SUPPLY and demand balance in the West German capital market will be less favourable in 1978, says the Dresdner Bank in its latest bond market review.

And although the bank stresses that any "major tightening" of money costs in relation to 1977 is unlikely, it does make an urgent plea that central bank monetary policy in the coming months be both flexible and interest rate conscious.

Given the much reduced spread between money rates and bond yields—this has narrowed from something like 3¼ points at the end of 1975 to around two points currently—the monetary policy of the Bundesbank is going to be of "vital importance to the climate of the capital markets."

In this respect the bank gives a welcome nod towards recent official policy. But its remarks on bond market management are much more guarded. It calls for the Bundesbank issuing authorities to adopt a high degree of flexibility when fixing terms for new Government, or quasi Government debt.

Greater use of varying interest rates is urged together with the continuing use of split tranche borrowing. At the same time special investor groups should have bond issues "tailored more directly" to their needs.

The Dresdner Bank is not alone in its demands. The Government's 1978 funding programme is known to be substantial what with the public sector net financing deficit officially forecast to rise by more than a quarter to DM50bn. in 1978. And many bond dealers are only too anxious that the new issue queue be kept as orderly as possible.

There was obvious market relief earlier this month when the first new issue of 1978—DM850m. by the Federal Railways—failed to follow the foreign bond market down to coupons of 5¾ per cent. The Bundesbahn loan opted instead for a 6 per cent. coupon on a slightly longer maturity of 12 years—in contrast to the ten-year paper issued on the three previous occasions last year on a 6 per cent. coupon.

Present market conditions leave the issuing authorities with room to manoeuvre—even with the new Bundesbahn loan standing a premium in the unofficial inter-bank market. The German bond market has yet to come to terms with the sort of long running dates seen in this country and in North America where 25 years maturities are commonplace, but the City of Hamburg did extend outwards to 15 years in the middle of last year.

Moreover, if the massive Dm1.7bn. funding by the Federal Republic at the close of last year is any guide, the Bundesbank has few qualms about splitting new issues into two or more tranches.

Dresdner Bank's analysis of the outlook for the bond market is based largely on the expected rise in the public sector net financing deficit coupled with a modest decline in the savings ratio in Germany—from 14 per cent. to 13.8 per cent. To some extent this less favourable balance of capital supply and demand is mitigated by the inbuilt liquidity of the Frankfurt banking system.

At the moment this liquidity is vast, boosted partly by the market's reinvestment potential. At the end of 1977 bond interest payments and redemptions totalled DM63bn. which is more than a tenth higher than the figure at the end of 1976.

Clearly, however, the market has distinct reservations about any further decline in bond yields. Last year the drop in yields at the longer end of the market was unprecedented with the average return on 10-year government paper falling by almost a quarter—to 5.2 per cent. from 6.8 per cent.

* * *

Banque Franchaise du Commerce Exterieur (BFCE) and Solvay et Cie SA will both borrow on the Paris market next week. Reuter reports that BFCE is looking for Frs.200m. over 10 years at 11.3 per cent., while Solvay is in the market for Frs.100m. over 12 years at 11.3 per cent. Prices could be 98½ and 98.3 respectively.

The queue of borrowers hoping to tap the market before the French elections remains a long one—including many state sector names who will be looking for anything between Frs.500m. and Frs.1.5bn. apiece.

...EDIUM TERM LOANS

Czechoslovakia secures better rates

...Y FRANCIS GHILES

...T EUROPE'S most reluctant ...ower in the medium-term ...ket, Czechoslovakia, is rais... $150m. for seven years on a ...ad over the interbank rate ...per cent. Lead manager is ...litanstalt Bankverein. If the ...r conditions attached to this ...(grace period and fees) are ...n into account, Czecho...akia has obtained terms at ...as fine as those of the ...et Union's Foreign Trade ...which raised $300m. at the ...of last year.

...ey also mark an improve...t on those terms which the ...try has previously been ...ed. Czechoslovakia has ...fited fully from the fall in ...ads and the lengthening in ...urities which has charac...ed the market in the past ....

...echoslovakia boasts the lowest debt of all East European countries and has in any case always preferred to tap the export credit sources in the West rather than the medium-term market.

A number of bankers would not be surprised if Hungary were the next East European borrower to be in a position to raise money on a similar spread.

Rumania is another East European borrower currently raising money. It has awarded a mandate to National Westminster Bank to raise $100m. Another five-year loan of $53m., carrying a spread of 1 per cent., for the same borrower, is due to be signed shortly. Terms attached to the loan currently being negotiated will be of interest: many bankers believe that finer terms are not ruled out.

The list of Latin American borrowers able to raise money on cheaper terms than a few months, or even weeks, ago, grows longer by the day. After Venezuela, Mexico, Chile and Bolivia, Panama is in the market for a new loan: $150m. over seven years on a spread of 1⅞ per cent. throughout. There is a two-and-a-half-year grace period.

Lead manager is First Chicago which is currently forming a management group and the response at this level is understood to be very good.

The Spanish State oil company, ENIEPSA, has just raised $30m. for six years on a spread of 1⅞ per cent. Lead manager is First National Bank in Dallas, Paris branch, their first operation of this kind. Terms of this credit are in line with those for similar Spanish borrowers.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

...IGHTS	Bid	Offer
Australia 8½pc 1989	97	97½
... 8pc 1987	95½	96½
...dia 8½pc 1992	95½	96
...llan M. & S. 9½pc '92	97	97½
...ys Bank 8½pc 1992	97	97½
...er 8½pc 1992	97	97½
...ian N. Rly. 8½pc 1986	96	96½
... Nat. 8½pc 1988	97½	98½
...k. 8½pc 1984	99½	100½
...9pc 1985	95½	98½
...8pc 1987	97	97½
...8pc 1992	96½	98½
...8pc 1989	98	98½
...on 8½pc 1989	96½	97½
...9pc 1986 Nov.	99½	100½
...kes Paper 8½pc '84	98½	100
...dley 9½pc 1992	99½	100½
...Quebec 9pc 1992	95½	96½
...9pc 1987	95½	96½
...anada 9½pc 1986	102½	103½
...llan Bloedel 9pc '92	96½	97½
...y Ferguson 9½pc '91	102½	103½
...9½pc 1985	100½	101½
...nd Int. Fin. 8½pc 1992	96½	97½
...8pc 1987	94½	95½
Westminster 9pc 1986	102½	103½
...andland 9pc 1989	98	98½
...s Komm. 8½pc 1992	95½	96½
...se 8½pc 1989	95	96½
...Hydro 8½pc 1992	95½	96½
...9pc 1988	100½	101
Autoroutes 9pc 1991	99	99½
...Quebec 9pc 1995	95½	96½
...katchewan 8½pc '86	99	99½
International 9pc '87	94	94½
...8pc 1992	94½	95½
...ion Trust 8½pc 1989	91½	92½
...navisku En. 9pc 1991	99	99½
...8pc 1987	97	93½
...s (Kgdm.) 8½pc 1987	95½	96
...l Biscuits 9pc 1989	99	99½
...8pc 1987 March	93½	94½
...S		
...alia 7½pc 1984	98	98½
Canada 7½pc 1987	94½	95½
...olumbia Hyd. 7½pc '85	95½	94½
...Pac. 8½pc 1984	98	99½
Chemical 8pc 1986	98	98½
...7½pc 1982	96½	97
...8½pc 1989	98½	98½
...7½pc 1982	97	97½
...7½pc 1984	98	98½
...Gutzeit 8½pc 1984	96½	97½
...erken 7½pc 1982	96	98½

	Bid	Offer
Kockums 8pc 1983	98	98½
Michelin 8½pc 1983	99½	100½
Montreal Urban 8½pc 1981	99	99½
New Brunswick 8pc 1984	96½	97
New Bruns. Pr. 8½pc 1983	102½	103
New Zealand 8½pc 1986	96½	97½
Nordic Invest. Bk. 7½pc '84	96	96½
Norsk Hydro 7½pc 1982	97½	95½
Norway 7½pc 1982	96½	97½
Ontario Hydro 8pc 1987	95	95½
Singer 8½pc 1982	99½	100½
Sth. Scotland Elec. 8½pc '81	99½	100½
Sweden (Kngdm.) 7½pc '82	98	96½
Swedish State Co. 7½pc '82	97	97½
Telmex 9½pc 1984	98	98½
Tenneco 7½pc 1987 May	93	93½
Volkswagen 7½pc 1987	95½	94½
STERLING BONDS		
Courtaulds 9½pc 1989	96½	97½
ECS 9½pc 1989	100½	101½
EIB 9½pc 1992	95½	99
Fin. For Industrie 9½pc '87	95½	99½
Fisons 10½pc 1987	99½	100
Total Oil 9½pc 1984	95½	99
DM BONDS		
Austria 6½pc 1985	106½	107
BFCE 7pc 1987	104½	103½
Denmark 6½pc 1986	104½	103
EIB 6½pc 1984	105½	106½
Grand Met. 7pc 1984	101½	102½
Hydro-Quebec 6½pc 1987	101	101½
ICI 6½pc 1987	105½	106½
Montreal 7pc 1987	102	102½
Norsea Gas 7pc 1989	105½	105½
Norsk Hydro 6½pc 1989	104½	103½
Norway 6½pc 1982	103½	104½
Shell 6½pc 1989	107½	105½
Spain 6½pc 1984	100½	101½
Sweden 6½pc 1984	103	105½
World Bank 6½pc 1987	103½	104½
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 15/16pc	98½	99½
BFCE 1984 7pc	97½	98½
BNP 1983 6½pc	99½	99½
CCF 1983 8pc	98½	99½
CGMF 1984 6 13/16pc	98	98½
Creditanstalt 1984 7½pc	95½	98½
Credit Lyonnais 1982 6½pc	99	99½
D.G. Bank 1982 7 13/16pc	99½	100
GZB 1981 7½pc	100½	100½
Intl. Westmnstr. '84 7 15/16pc	99	99½
Lloyds 1983 7½pc	99½	100½
LTCB 1982 6½pc	99½	99½

	Bid	Offer
Midland 1982 8pc	101	101½
Midland 1987 7 15/16pc	95½	95½
OKB 1988 6½pc	99½	99½
SNCF 1985 6 13/16pc	98	98½
Stand. Chrtrd. 1984 6½pc	95½	99½
Wms. & Glyns 1984 7pc	98½	98½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	78½	80½
Ashland 5pc 1988	88½	90½
Babcock & Wilcox 6½pc '97	93	94
Beatrice Foods 4½pc 1992	93	95
Beatrice Foods 4½pc 1992	100	102
Beecham 6½pc 1992	97½	98½
Borden 5pc 1992	99	101
Broadway Hale 4½pc 1987	71½	73½
Carnation 4pc 1987	75½	77½
Chevron 5pc 1988	112½	114½
Dart 4½pc 1987	79	81
Eastman Kodak 4½pc 1988	82½	84½
Economic Labs. 4½pc 1987	77	79
Firestone 5pc 1988	80½	82½
Ford 5pc 1988	81½	83½
General Electric 4½pc 1987	80	82
Gillette 4½pc 1987	74½	76½
Gould 5pc 1987	111	113
Gulf and Western 5pc 1988	74	76
Harris 5pc 1992	129	131
Honeywell 6pc 1986	84½	86½
ICI 6½pc 1992	85½	86½
INA 6pc 1997	95½	97½
Inchcape 6½pc 1992	103	104
ITT 4½pc 1987	74	76
Jusco 6pc 1992		
Komatsu 7½pc 1990	102½	102½
J. Ray McDermott 4½pc '87	155	157
Matsushita 6½pc 1990	121½	123½
Mitsui 7½pc 1990	105	107
J. P. Morgan 4½pc 1987	95	97
Nabisco 5½pc 1988	95½	100½
Owens Illinois 4½pc 1987	113½	115½
J. C. Penney 4½pc 1987	74	76
Revlon 4½pc 1987	105½	110½
Reynolds Metals 5pc 1988	79½	81½
Sandvik 6½pc 1988	101½	103½
Sperry Rand 4½pc 1987	90½	92½
Squibb 4½pc 1987	76	78
Texaco 4½pc 1988	76½	78½
Toshiba 6½pc 1992	98	100
Union Carbide 4½pc 1982	89½	91½
Warner Lambert 4½pc 1987	77½	79½
Warner Lambert 4½pc 1988	71½	73½
Xerox 5pc 1988	78½	78½
Source: Kidder Peabody Securities.		

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Dow reacts 7.6 in cautious trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Jan. 19.

AFTER BRIEFLY continuing the recent rally in the early stages to-day, Wall Street retreated in fairly active trading as investors took a cautious attitude awaiting President Carter's State of the Union message to-night and the weekly money supply figures.

The Dow Jones Industrial Average, up 14½ points over the past two days, improved further to 790.02 before receding to 778.67 for a loss of 7.63 on the day. The NYSE All Common Index was finally 22 cents down at $49.82, after $50.12, although losses at the close held only a small edge over gains of 701 to 674. Turnover amounted to 21.50m. shares, against 21.39m. yesterday.

In addition, the downward drift of the dollar in Foreign Exchange trading added to the market's uneasiness, while another adverse factor was a Government report that the U.S. economy grew by only 4.2 per cent. in real terms during the fourth quarter of 1977 after a 5.1 per cent. GNP growth rate in the preceding three months.

After the market close, the Federal Reserve reported that the M1 money supply fell $3.4bn. and M2 declined $2bn. in the week ended January 11. These figures are about in line with market expectations, with the decline perhaps slightly more than some economists have been predicting.

Sun retreated 1¼ to $38⅝ after the company disclosed that it has privately purchased a 34 per cent. stake in Becton Dickinson, last quoted at $32¾. Dealings in the latter have been halted since yesterday and the New York SE plans to investigate the trading pattern of the stock.

Alcoa, which reported only a small earnings increase, declined 1⅞ to $41, while Allied Chemical fell 1⅞ to $37½ on lower profits, but RCA, on a profits improvement, picked up ⅛ to $23⅞.

THE AMERICAN SE Market Value Index, however, ended 0.40 higher at 121.59 after moderate activity. Volume 2.36m. shares (2.57m.).

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Gen. Tel. & Elecs.	503,500	29	+⅛
Citicorp	379,400	21½	−⅛
Aetna Life & Cas'lty	317,100	33	−⅛
NCR	278,400	39½	+⅛
Marshall Field	209,000	32⅛	+⅛
Gardner-Denver	207,000	15½	−⅛
American Tel. & Tel.	204,400	58½	−⅛
Ampex	181,400	11½	+⅛
Tenneco	180,500	25⅛	−⅛
Aluminium America	155,600	41	−1⅛

OTHER MARKETS

Canada higher

Canadian Stock Markets were inclined to gain further ground yesterday in reasonably active trading. The Toronto Composite Index was 1.7 firmer at 1,010.5, while Oils and Gas gained 7.7 at 1,380.0 and Golds rebounded 18.6 to 1,379.3. However, Metals and Minerals reacted 12.8 to 828.4 and Banks shed 0.15 to 230.30.

PARIS—Irregular movements were again recorded in dull trading.

Electricals showed slight gains, but most other sectors, notably Engineerings, Constructions and Stores, tended easier.

CGE put on 2.5 to Frs.256.5 and Skis Rossignol 20 to Frs.1,640, but BSN Gervais Danone declined 6.4 to Frs.351.6 and Aquitaine 6 to Frs.312. Uginor shed 1.4 to Frs.20.6 on profit-taking after rising the day's limit in the past two trading sessions.

BRUSSELS—Firmer for choice following increased activity.

Solvay were 35 higher at B.Frs.2,435 and Fabrique Nationale 45 up at B.Frs.2,495, but Petrofina receded 30 to B.Frs.3,700.

Asturienne were only slightly easier despite announcing a considerable loss in 1977.

GERMANY—Shares remained easier-inclined in quiet trading on further profit-taking and position closing.

Commerzbank lost DM3.90 and Bayernhypo DM6.50 among Banks, while Electricals and Motors lost up to DM1.50.

Engineerings, Steels and Utilities were also lower, but major Chemicals were steady and Stores improved between DM1 and DM2.

Public Authority Loans recorded gains to DM0.20. The Regulating Authorities sold DM17.2m. nominal of paper, against DM11m. on Wednesday.

The new Railway Loan was introduced at 100.05 per cent. against its 100 per cent. issue price.

AMSTERDAM — Stocks were again irregular in thin trading.

Dutch Internationals generally eased, with Royal Dutch losing Fls.0.30.

In Shippings, KNSM relinquished Fls.1.50 following the previous day's Fls.6 rise on the company's encouraging remarks about 1978 prospects.

Algemeine, up Fls.2.50 more, led Banks higher, while elsewhere, Elsevier put on Fls.1.80.

SWITZERLAND—Quietly mixed on investor reserve pending last night's State of the Union message by President Carter.

Gains predominated among Insurances, although Neuchatel eased on profit-taking after the recent advance.

Declines were in the majority in Industrials, but Saurer Bearer rose on strong speculative buying.

VIENNA—A shade easier in places, although Veitscher Magnesit reacted sharply by 8 points to 225.

MILAN—Market showed widespread gains as operators covered short positions in a moderate business.

Fiat, up 36 on Wednesday, added 4 at L1,912 on news of favourable results for 1977 in all sectors except cars and connected activities.

Snia Viscosa rose 12 to L412 and Bastogi 21 to L380, but Montedison came back 8.25 to L139.50 and Mediobanca shed 20 to L30,630.

SPAIN—Stocks eased afresh in places, but Building and Property issues held steady. El Aguila continued to improve, adding 2 points at 71, while there was also demand for Sniace, 2 harder at 40.

HONG KONG—Share prices rose afresh in moderate trading, with interest continuing to centre on high-yield Property shares.

Buying in Properties has been noted since record prices were reached at Government land sales on Tuesday. Cheung Kong put on 10 cents to $HK5.40 and Swire Properties 5 cents to $HK2.425.

Among Blue Chips, Hong Kong Bank and Jardine Matheson rose 30 cents each to $HK16.90 and $HK12.00 respectively, while Swire Pacific gained 15 cents at $HK5.55, Hutchison Whampoa 5 cents to $HK3.60, and Wheelock Marden 2.50 cents to $HK2.15.

Paul Y Construction were 30 cents down at $HK1.80 offered on lower interim results.

TOKYO—Mixed in moderate activity. Volume 320m. shares (310m.).

There was selective buying interest in large-capital stocks, but export-orientated issues reacted on profit-taking after the previous day's gains.

Market interest revived in shares related to Government public works spending. Kajima put on Y5 to Y346, Maeda Construction Y22 to Y740, and Daiwa House Y15 to Y513.

AUSTRALIA — Markets again presented a mixed appearance in quiet trading.

Oakbridge were outstanding with an advance of 16 cents to $A1.85, while Consolidated Goldfields rallied 4 cents to $A2.44, but Metals Exploration receded 4 cents to 13 cents. Among Uraniums, Pancontinental declined 40 cents more to $A11.40, but Peko-Wallsend added 4 cents at $A5.34.

Ampol Exploration were 3 cents firmer at $A1.28 in Oils, while CSR gained 3 cents at $A3.03 in Sugars. Industrials had Tooth 5 cents down at $A1.72, but Bank of NSW put on 6 cents to $A5.26.

JOHANNESBURG — Golds reversed an initial easier trend to close generally harder on balance after moderate dealings, having moved in sympathy with Bullion price indications. Both local and Overseas interest was evident.

Industrials were quietly mixed, but tending firmer

Indices

NEW YORK—DOW JONES

	Jan. 19	Jan. 18	Jan. 17	Jan. 16	Jan. 13	Jan. 12	1977-78 High	1977-78 Low	Since compilation High	Since compilation Low
Industrial	778.67	786.50	779.02	771.74	775.75	778.16	999.75 (3/1/77)	771.74 (16/1/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	89.60	89.76	89.62	89.75	89.69	89.70	95.87 (7/9)	89.60 (19/1/78)	—	—
Transport	211.24	212.07	209.19	207.68	208.17	207.64	246.64 (18/6)	199.60 (25/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.73	106.80	106.75	106.36	106.65	106.46	118.67 (22/2)	104.97 (25/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's †	21,508	21,390	19,380	18,760	18,010	26,730	—	—	—	—

* Basis of index changed from August 24

Ind. div. yield %	Jan. 13	Jan. 6	Dec. 30	Year ago (approx.)
	5.93	5.80	5.53	4.21

STANDARD AND POORS

	Jan. 19	Jan. 18	Jan. 17	Jan. 16	Jan. 13	Jan. 12	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	99.16	99.73	98.95	98.44	98.74	98.89	118.92 (3/1/77)	99.44 (16/1/78)	134.64 (11/1/73)	6.52 (30/6/32)
§Composite	90.09	90.56	89.88	89.43	89.89	89.82	107.00 (3/1/77)	89.46 (16/1/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 18	Jan. 11	Jan. 4	Year ago (approx.)
Ind. div. yield %	5.13	5.18	4.96	3.77
Ind. P/E Ratio	8.74	8.65	9.01	11.24
Long Govt. Bond yield	8.17	8.19	8.04	5.91

N.Y.S.E. ALL COMMON

Jan. 19	Jan. 18	Jan. 17	Jan. 16	1977-78 High	1977-78 Low
49.82	50.04	49.67	49.40	57.07 (4/1/77)	49.40 (16/1/78)

Rises and Falls

	Jan. 19	Jan. 18	Jan. 17
Issues traded	1,859	1,863	1,843
Rises	674	1,008	923
Falls	701	415	490
Unchanged	484	440	430
New Highs	15	13	9
New Lows	34	33	61

		Jan. 19	Jan. 18	Jan. 17	Jan. 16	1977-78 High	1977-78 Low
MONTREAL	Industrial	168.61	166.92	166.25	168.16	186.47 (17/3)	158.92 (25/10)
	Combined	173.49	173.62	173.09	172.59	187.86 (19/1/77)	166.60 (25/10)
TORONTO	Composite	1010.5	1008.8	1007.0	1004.0	1067.4 (19/7)	961.0 (28/10)
JOHANNESBURG	Gold	208.7	206.1	210.8	210.5	214.7 (17/10)	139.4 (24/5)
	Industrials	212.1	212.4	212.2	211.3	214.4 (4/1/78)	169.1 (22/4)

	Jan. 19	Previous	1977-78 High	1977-78 Low
Australia (¶)	464.75	464.65	479.43 (3/1/78)	416.85 (16/2)
Belgium (‖)	92.50	91.73	99.12 (10/1/77)	90.43 (12/1/78)
Denmark (**)	96.15	96.80	107.92 (9/6)	95.54 (25/11)
France (††)	51.9	51.9	58.4 (7/1/77)	43.5 (10/6)
Germany (‡‡)	806.0	809.3	813.6 (17/11)	712.5 (10/5)
Holland (§§)	80.6	80.6	93.2 (4/5)	75.5 (29/9)
Hong Kong (¶¶)	402.18	397.06	435.17 (11/6)	323.44 (13/1/78)
Italy (‖‖)	57.22	56.89	73.71 (3/1/77)	54.90 (22/12)
Japan (a)	376.99	377.31	390.93 (29/9)	350.49 (24/11)
Singapore (b)	263.59	262.79	266.02 (29/8)	242.28 (5/5)

	Jan. 19	Previous	1977-78 High	1977-78 Low
Spain (d)	95.07	95.61	100.00 (31/12)	95.07 (19/1/78)
Sweden (e)	354.96	350.32	416.88 (22/5)	286.68 (24/11)
Switzerl'd (f)	305.0	304.3	318.8 (13/10)	280.5 (5/5)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975) † Excluding bonds. ‡ 400 Industrials § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord (‖) Belgian SE 31/12/63 (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam, Industrial 1970. (¶¶) Hang Seng Bank 31/7/64 (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966 (c) Closed. (d) Madrid SE 31/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp 31/12/58 (u) Unavailable.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated
♥ Ptas 500 denom. unless otherwise stated
♣ Kr.100 denom. unless otherwise stated
Φ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. ‡ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex All. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—77½% (75%).

NEW YORK

Stock	Jan. 19	Jan. 18
Abbott Labs	52⅞	53
AM International	13⅞	13⅞
Corning Glass	47¾	48½
CPC Int'n'tional	44¼	45
Crane	25¾	25⅝
Crocker Nat	24½	24⅝
Johns Manville	28¾	29½
Johnson Johnson	70¾	71½
Johnson Control	26½	26⅞
Joy Manufactur'g	30⅜	30⅜
Revlon	41⅝	41¾
Reynolds Metals	30½	30⅝
Reynolds R. J.	54⅝	54⅝
Rich'son Merrell	22	21⅞
Rockwell Inter.	29	29
Rohm & Haas	28¾	29
Woolworth	18⅛	18⅝
Wyly	0¾	0⅞
Xerox	45	45⅞
Zapata	17	17¼
Zenith Radio	13¼	16½
U.S. Treas 4% 1980	†94 1/16	†93½

[illegible]

CANADA

[illegible]

GERMANY ◆

[illegible]

AMSTERDAM

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

TOKYO ¶

Jan. 19	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	316	+1	14	2.2
Canon	439	+7	12	1.4
Casio	550	−14	25	2.3
Chinon	418	−6	20	2.4
Dai Nippon Print	530	−5	18	1.7
Fuji Photo	515	+12	15	1.5
Hitachi	203	+2	12	3.0
Honda Motors	507	−7	18	1.8
House Food	935	+5	35	1.9

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND ●

[illegible]

MILAN

[illegible]

AUSTRALIA

Jan. 19	Aust. $	+ or −
ACMIL (25 cent)	†0.76	+0.01
Acrow Australia	†0.80	......
Allied Mnfg-Trdg. Indus $1	†2.25	......
Ampol Exploration	†1.28	+0.03
Ampol Petroleum	†0.78	+0.01
Assoc. Minerals	†0.85	......
Assoc. Pulp Paper $1	†1.00	......
Assoc. Con. Industries	†1.75	−0.01

[illegible]

PARIS

[illegible]

STOCKHOLM

[illegible]

BRAZIL

Jan. 19	Price Cruz	+ or −	Div. Cruz	Yld. %
Acesita	1.28	−0.04	0.12	9.38
Banco Brazil BP	3.91	+0.01	0.18	4.60
Belgo Mineira OP	1.58	−0.02	0.12	7.59
Docas OP	0.98	+0.01	0.14	4.29
Lojas Amer. OP	2.74	+0.08	0.20	7.30
Mannesmann OP	2.49	−0.05	0.18	7.23
Petrobras PP	3.16	+0.08	0.10	3.16
Pirelli OP	1.84	−0.06	0.16	8.70
Souza Cruz OP	3.46	+0.01	0.23	6.65
Vale Rio Doce PP	1.77	[illegible]	[illegible]	[illegible]

Vol. Cr. 174.1m. Shares 65.2m.
Source: Rio de Janeiro SE.

OSLO

[illegible]

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

Securities Rand Discount 33%

SPAIN ♥

[illegible]

Dollar weaker

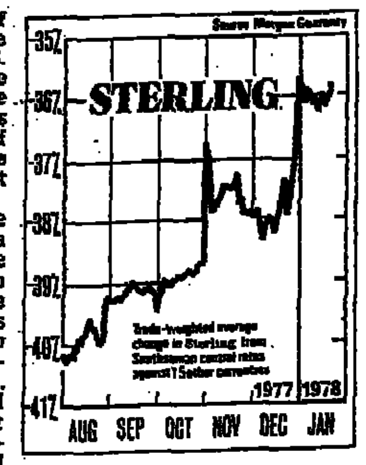
Slight nervousness ahead of President Carter's State of the Union message depressed the U.S. dollar in the foreign exchange market yesterday. It may have been felt that the speech was likely to take a general view of the economy, and would not be as helpful to the dollar as first envisaged, earlier this week.

The U.S. currency was quite firm in early trading, touching a best level of DM2.1370 against the D-mark, and Sw.Frs.2.0240 in terms of the Swiss franc. The German and Swiss central banks may have given some support to the dollar in the afternoon, however, when it fell to DM2.1230, before closing at DM2.1265, and to Sw.Frs.1.9920, before closing at Sw.Frs.1.9980.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, narrowed to 4.45 per cent. from 4.47 per cent., but this was probably a reflection of the decline of the Canadian dollar to 90.43½ U.S. cents from 90.94½.

Sterling rose to a high point of $1.9350-1.9360 before closing at $1.9330-1.9340, a rise of 90 points on the day. The pound's trade-weighted index, as calculated by the Bank of England, rose to 66.1 from 65.8, after standing at 66.1 at noon and 65.8 in early trading.

Gold rose $1½ to $173-173¾ in quiet trading, influenced by the prospects of President Carter's speech. The krugerrand's premium over its gold content fell to 3.39 per cent. from 3.65 per cent. for domestic and international delivery.



CURRENCY RATES

	Special Drawing Rights January 19	European Unit of Account January 19
Sterling	0.626865	0.631319
U.S. dollar	1.21079	1.22074
Canadian	1.33865	1.34184
Austria sch.	18.4948	18.6089
Belgian franc	39.9157	40.2418
Danish krone	7.01550	7.05691
Deutschemark	2.57596	2.59577
Dutch guilder	2.75596	2.77399
French franc	5.74701	5.79485
Italian lira	1057.53	1066.25
Japanese yen	293.374	294.920
Norway krone	6.26947	6.31244
Spain peseta	97.8128	98.5413
Swedish krona	5.67073	5.71454
Swiss franc	2.42884	2.44557

EXCHANGE CROSS-RATES

Jan. 19	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.1230-45	44.77-78	6.450-465	4.095-105	93.40-55	106.00-25
New York	46.98-47.02	—	21.05-07	3.0845-95	1.9335-360	44.05-10	50.10-15
Paris	22.91-5.41	4.7405-7525	—	14.391-425	9.1695-1895	215.41-91	236.7-72
Brussels	15.48-52	32.95-33.00	6.93-98	—	63.65-80	14.47-51	16.14-47
London	4.11-12	1.9330-9340	9.17¼-18¼	63.70-80	—	4.39½-40½	3.85½-86½
Amst'dam	107.025-075	2.2742-67	47.92-97	6.9045-9095	4.3996-4045	—	113.385-435
Zurich	93.95-94.14	1.998-2.001	42.070-151	6.0549-0676	3.8592-8670	87.88-97	—

U.S. $ in Toronto U.S. $ = 110.40-44 Canadian cents.
Canadian $ in New York = 90.52-54 cents. U.S. $ in Milan 873.25-50.
Sterling in Milan 1664.25-75.

EURO-CURRENCY INTEREST RATES*

Jan. 19	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss franc	W.German mark
†Short term	6⅜-6⅝	6-7	6¾-7	4¼-4½	⅛-¼	3-3¼
7 days notice	6⅛-6 3/16	6⅜-7⅜	6⅞-7⅛	4¼-4½	⅛-¼	3-3¼
Month	6⅜-6¾	6⅝-7	7-7¼	4¼-4½	½-⅝	2 7/16-2 9/16
Three months	6⅝-6⅞	6⅞-7¼	7¼-7½	4¼-4½	15/16-1 1/16	2⅞-3
Six months	6 15/16-7 3/16	7 3/16-7 9/16	7⅜-7⅝	4¼-4½	1 1/16-1 3/16	3 1/16-3 3/16
One year	7 7/16-7 11/16	7 7/16-7 13/16	7¾-8	4⅝-4⅞	2 1/16-2 3/16	3 3/16-3 5/16

Euro-French deposit rates: two-day 8½-8¾ per cent.; seven-day 9½-9¾ per cent.; one-month 10½-10¾ per cent.; three-month 12½-12¾ per cent.; six-month 12 15/16-13 3/16 per cent.; one year 13-13¼ per cent.

Long-term Eurodollar deposits: two years 8-8¼ per cent.; three years 8¼-8½ per cent.; four years 8 3/16-8 5/16 per cent.; five years 8¼-8½ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.02-7.12 per cent.; three-month 7.18-7.28 per cent.; six-month 7.43-7.53 per cent.; one-year 7.70-7.80 per cent.

* Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	Jan. 19	Jan. 18
Gold Bullion (a fine ounce)		
Close	$173-173¾	$171¼-172¼
Opening	$172¼-173	$172¼-173
Morning fix'g	$172.85 (£89.593)	$172.50 (£89.740)
Afternoon fix'g	$173.45 (£89.709)	$171.95 (£89.441)
Gold Coins domestically		
Krugerrand	$178¼-180¼ (£92¼-93¼)	$177¼-179¼ (£92¼-93¼)
New Sov'gns	$53½-55½ (£27½-28½)	$53-55 (£27¼-28¼)
Old Sov'gns	$52¼-54¼ (£27-28)	$52-54 (£27-28)
Gold Coins internat'lly		
Krugerrand	$178¼-180¼ (£92¼-93¼)	$177¼-179¼ (£92¼-93¼)
N'w Sov'gns	$53¼-55¼ (£27½-28½)	$53-55 (£27½-28½)
Old Sov'gns	$52½-54½ (£27-28)	$52-54 (£27-28)
$20 Eagles	$255-258	$254¾-257¾

FOREIGN EXCHANGES

Jan. 19	Bank Rates %	Market Rates Day's Spread	Market Rates Close
New York	6½	1.9160-1.9360	1.9330-1.9340
Montreal	7½	2.1080-2.1386	2.1370-2.1380
Amsterdam	4½	4.37½-4.41½	[illegible]
Brussels	7½	63.20-63.90	[illegible]
Copenhagen	9	11.18-11.19	[illegible]
Frankfurt	3	4.08-4.12½	4.11-4.12
Lisbon	15	77.20-78.50	77.85-78.15
Madrid	8	155.00-156.30	[illegible]
Milan	11½	1.676-1.696	[illegible]
Oslo	6	9.92-10.02	[illegible]
Paris	9½	9.11-9.19	9.17½-9.18½

[illegible]

† Rates given for are for convertible francs. Financial franc 63.65-63.85.

OTHER MARKETS

		Notes Rates	
Argentina	[illegible]	Austria	[illegible]
Australia	[illegible]	Belgium	[illegible]
Brazil	[illegible]	Denmark	[illegible]
Finland	[illegible]	France	[illegible]
Greece	[illegible]	Germany	4.08-4.18
Hong Kong	[illegible]	Iran	129-135
Iran	129-135	France	[illegible]
Kuwait	0.521-4.541	Germany	[illegible]
Luxemb'g	63.70-63.98	Greece	70-81
Malaysia	4.5800-4.6000	Italy	1650-1750
N. Zealand	1.8819-1.9009	Japan	465-485
Saudi Arab.	6.58-6.69	Nether'lds	435-445
Singapore	4.5225-4.5425	Norway	9.90-10.15
S. Africa	1.6567-1.6825	Portugal	[illegible]
U.S.		Spain	158-164
Canada		Switz'land	[illegible]
C$1		U.S.	[illegible]
U.S. cents	90.42-90.45	Yugoslavia	[illegible]

Rate given for Argentina is a free rate.

FORWARD RATES

	One month	Three months
New York	0.08-0.18 c. dis	0.30-0.40 c. dis
Montreal	0.05-0.15 c. dis	0.20-0.30 c. dis
Amst'dam	1 c. pm-par	2⅜-1⅜ c. pm
Brussels	5-15 c. dis	15-30 c. dis
Cop'nhgn	10½-12½ ore dis	30½-32½ ore dis
Frankfurt	1⅝-⅝ pf. pm	4⅛-3½ pf. pm
Lisbon	65-165 c. dis	300-600 c. dis
Madrid	95-165 c. dis	410-510 c. dis
Milan	11-16 lire dis	46-54 lire dis
Oslo	6-10 ore dis	27½-29½ ore dis
Paris	2¾-3¾ c. dis	12½-13½ c. dis
Stockh'lm	3½-5½ ore dis	14-16 ore dis
Vienna	7-17 gro dis	15-35 gro dis
Zurich	2⅛-1⅛ c. pm	5⅝-4⅝ c. pm

Six-month forward dollar 0.63-0.73c dis. 12-month 0.80-0.90c dis.

Worry over anthrax outbreak

By Christopher Parkes

MINISTRY of Agriculture veterinary officers are urgently tracing the source of a serious outbreak of the deadly animal disease, anthrax, which can also have severe effects on humans.

The Ministry has received reports of one outbreak a day since the turn of the year—19 reports in 19 days—most of which have been confined to the [illegible].

In January last year there was one case which killed a cow. And in the whole of last year there were 139 reported outbreaks which resulted in the death of [illegible] animals. In 1975 there were [illegible] 36 cases.

Ministry officials suspect that the present outbreak has been caused by animals eating infected [illegible] probably imported from [illegible] or Pakistan, where the disease is endemic.

Tropical animal feeds such as groundnut meal, and bone meal from certain countries, are the [illegible] source of the disease in Britain.

Spores can be produced in infected animals which can remain viable for up to 20 years, [illegible] the British Veterinary Association.

The Ministry of Agriculture [illegible] suspected cases had to be reported to the police—anthrax [illegible] a notifiable disease.

[illegible] officials warned farmers [illegible] knackers not to handle, move [illegible] cut open any animals which [illegible] die suddenly without any apparent ailment.

Speculative selling hits base metal markets

BY JOHN EDWARDS, COMMODITIES EDITOR

SPECULATIVE SELLING, encouraged by the firmer tone in sterling, brought renewed losses in the lead, zinc and copper markets on the London Metal Exchange yesterday.

Lead suffered the biggest fall in a day of active trading with a turnover of over 15,000 tonnes. Cash lead closed £12 down at £335.75 a tonne making a loss of more than £24 in the past week.

Cash zinc fell to the lowest point since June 1973, falling by £5.50 to £265.25 a tonne and cash copper wirebars, £9 down at £647.25 a tonne is close to last year's "low."

Tin values, however, resisted the downward pressure awaiting the result of the International Tin Council meeting being held this week where producers are seeking substantial rises in the price ranges of the International Tin Agreement.

The fall in lead came despite reports that the Soviet Union had bought at least another 2,000 tonnes recently.

Speculators, who bought lead earlier in expectations that it would breach the £400 a tonne mark before the end of last year appear to have become disillusioned.

Selling by chartists triggered off stop-loss points that accelerated the downward move.

In copper there seems to be similar disillusionment, with a shift in market sentiment to a more gloomy view.

Much depends on whether President Carter's State of the Union speech helps strengthen the dollar and confidence in the outlook for the U.S. economy.

Our Kuala Lumpur correspondent writes: Tin mines in Perak, Malaysia's biggest tin-producing state, report that production has been hit by power cuts over the past few months.

Datuk Leow Yan Sip, president of the All-Malaya Chinese Mining Association, said mines stopped operation on 13 occasions a month.

Datuk Leow said the stoppages cut working hours by as much as 10 per cent and he warned that national tin production would also be adversely affected, by as much as 10 per cent.

Load shedding was never experienced before among the mines during the monsoon season and he said enforced work stoppages would raise the danger of flooding at the mines, particularly during the wet months.

The load shedding in Perak is being enforced because only one of the three generators at the Chenderoh hydro electric dam is working.

Datuk Leow said water, intended for the Chenderoh dam was being diverted farther north to operate the new Temenggor dam, which was idle for months.

Meanwhile, Malaysian customs have disclosed that they seized more than 4.3m. ringgits (about £1m.) worth of tin ore from smugglers last year.

Yesterday, Malaysian Customs also seized 12 piculs of tin ore valued at 26,000 ringgits on the beach opposite the Singapore coast. Duties on the tin ore amounted to 7,000 ringgits.

Russian timber pricing dilemma

BY A CORRESPONDENT

A SENIOR official from Exportles, which sells Soviet forest products, is due to arrive in London to-day for consultation on the first offer of Russian softwood for the U.K. market this year.

Negotiations are likely to be more complex than usual and the formal offer is not expected to be circulated to the importers until January 27 or a week later.

There are two main complications. First, last year's weakness in the Scandinavian currencies and in the Canadian dollar, which led to falling softwood prices on the world's markets, means that the Russians will certainly have to sell below their first offer prices of last year.

Second, the problem of how allowance can be made for fluctuations in currency values between the date of the offer and the individual bills of lading some six to nine months later.

In the past it was sellers who demanded protection from a fall in sterling and so the contracts were linked to U.S. dollar values. Now the dollar has lost much of its stability and the position is further bedevilled by the Swedish krona.

That suffered two devaluations last year, the country is beset with difficulties in the negotiations on national wages, and there is widespread talk of a further devaluation.

Swedish and Finnish softwood, which are sold in krona, compare directly with Russian wood and the U.K. buyers of Russian would therefore like some protection against a fall in the general market level.

The timing of the offer will hinge upon the speed with which an acceptable solution can be found.

There appear to be two lines of approach. Contracts could be tied to the value of the krona if it can be accepted by the sellers.

The contracts could also be in sterling and here the buyers in the U.K. would have no protection against a general fall which could result from any further weakness of the krona, and would as a consequence expect very keen initial prices.

The Russians have taken that course with their West German offer which is in deutschmarks, but it is reported that importers there are not too happy.

Schmidt hits at U.K. on fish

BONN, Jan. 19

HELMUT SCHMIDT, the West German Chancellor has criticised Britain's attitude towards a European Common Market fisheries agreement, saying it was incompatible with the spirit of the community.

Herr Schmidt in a speech to the Bundestag (Parliament) to-day, did not specifically mention Britain, but observers said there was no doubt that he was referring to its demands for preferential treatment on the question of EEC fisheries' zones.

The Chancellor said he was concerned at the stagnation of the talks.

"The delay in obtaining agreement . . . has prevented our achieving results in (the EEC's) negotiations with third countries. The European Community has therefore lost valuable ground as a negotiating partner," he said.

"West Germany appeals to the solidarity of member States to refrain from special requests which are incompatible with the spirit of the community." he added.

Britain is demanding an exclusive 12-mile off-shore zone around its coast and preferential treatment in a further 12 to 50-miles.

EEC farmers demand 5% rise in prices

BRUSSELS, Jan. 19.

COMMON MARKET farmers' lobby group, Copa, to-day demanded a 5 per cent. rise in guaranteed producer prices for 1978-79 marketing year. The Commission has proposed a 2 per cent. rise.

EEC Agriculture Ministers [illegible] discuss the proposals at a meeting here next Monday and [illegible] day, but final decisions will probably not be taken until April [illegible] the European Parliament [illegible] been consulted.

Copa said the Commission's proposals were inadequate, would [illegible] the agricultural industry [illegible] cause a fall in farming income.

[illegible] disputed the Commission's assessment that there had been [illegible] upward trend in farm prices [illegible] incomes justifying the very [illegible] price increase this year.

Reuter

Cocoa and coffee cheaper

By Our Commodities Staff

Lack of buying interest pushed prices lower on the London cocoa and coffee futures markets yesterday.

May delivery cocoa sank to a new five-month low of £1,535 a tonne, down £22.5 on the day while March coffee ended £13 lower at £1,811 a tonne.

Cocoa prices had opened relatively steady and the May quotation rose to £1,572 a tonne at one stage but speculative selling pushed prices lower before lunchtime.

With sentiment depressed by the availability of nearby and afloat cocoa at reduced premiums against futures the downward trend continued into the afternoon taking the March position to £1,530 at one stage.

Dealers said major manufacturers appeared to be fairly well supplied at the moment and showed little interest in the cocoa on offer.

Coffee prices had moved up to £50 lower during the morning as brokers assessed the significance of rumours that Brazil was offering new "special deals" to roasters guaranteeing them deliveries for the next few months.

Rubber demand exceeds rise in production

WORLD production of natural rubber was estimated to have risen to 3.65m. tonnes last year, against 3.56m. in 1976, International Rubber Study Group figures out yesterday show.

Consumption rose even more to nearly 3.77m., against 3.55m. The rise in demand is due to the stronger demand from North America, the group says.

World production of synthetic rubber is estimated at 8.5m. tonnes (7.95m.) and consumption was 8.5m tonnes, up 8 per cent. from 7.9m.

India cuts jute stocks

NEW DELHI, Jan. 19.

THE INDIAN Government has reduced the maximum permissible stocks of raw jute in jute mills from eight to six weeks' requirements.

The decision was announced following discussions last week between George Fernandes, Industry Minister, and members of the Indian Jute Manufacturers' Association.

Reuter

U.K. AGRICULTURE

'Green pound' not the only problem

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MR. JOHN SILKIN, the Minister of Agriculture, is firmly enthroned as the farmers' No. 1 hate figure. Even if he pulls some devaluation of the "green pound" out of the hat next Monday it is bound to be treated as too little and too late.

The relationship between the National Farmers' Union and Mr. Silkin can best be described as a dialogue of the deaf.

Neither seems to have the least understanding of the problems of the other. It is very doubtful if when they meet either Sir Henry Plumb, the NFU president, or Mr. Silkin talk the same language.

In some respects Sir Henry is in a weak position. He has to present a case for higher prices, but it is difficult for him to provide evidence of hardship being suffered by farmers, except perhaps in the case of pigs.

The recent annual review showed that in real terms farmers' incomes were static. But the actual rise of about 15 per cent. could be considered satisfactory. After all as long as inflation continues debts also become less of a burden in real terms.

Sir Henry's problem goes back to the referendum campaign when he was a leading advocate of remaining in the Community. He undoubtedly influenced many farmers into voting Yes, without really understanding how the Common Agricultural Policy would work out in practice.

Farmers had been led to believe, and not only by Sir Henry, that once in the Community they would enter a sort of promised land.

The constraints of the previous system would be cast off and expansion would be the watchword. British farmers, because of their superior skills, farm size etc., would be able to dominate the continental peasants.

That expectation led to a considerable stimulation of farming investment particularly in land, in stock to graze it and the machinery to work it. It could well take decades of inflation to make land at more than £1,000 an acre show a reasonable economic return.

Farmers' constant attack on the "green pound" which at the moment is keeping some of their prices — and some of their costs — below those of other EEC member countries has blinded them to more serious threats to their future.

The first is over-production in the Community. The most obvious example is milk products: but beef, sugar, grain and pig meat are all running close to surplus.

British farmers claim that there is no surplus in the U.K. but this only demonstrates that no one has made them understand the basic fact of a Common Market where surpluses and shortages are common to all.

Tied to that is the stagnation, or actual decline, in consumption of food, partly as a result of higher prices and partly because of a change in eating habits.

The reaction of British farmers is that they would export to Europe if the British consumer won't buy. However, this leaves out completely the probable reaction of the politically much more important farming lobby on the Continent.

Mr. Silkin can be credited with having warned farmers of changed circumstances. The national interest, he says, determines the relative benefit to the country of imports subsidised by monetary compensation amounts compared with encouraging home production.

In referring to the manifestly unfair way in which the pig meat MCAs work he points out the enormous pressures that have to be used to make any government sacrifice a possible advantage which a change would entail.

Where Mr. Silkin could be blamed is not emphasising firmly enough that British farming is no longer of paramount importance to the nation's economy.

Import saving appears to have gone out of fashion and possibly for national, or EEC interests, some sections of farming are in the Government's view expendable.

Mr. Silkin would not gain any popularity if he followed that course. But there is a precedent. Sir Christopher Soames placed real constraints on farm production when Minister some 20 years ago. He made no friends, but at least after his plain speaking farmers knew where they stood.

'Pig men's future hangs on MCA cuts'

BY OUR COMMODITIES EDITOR

A "GREEN POUND" devaluation should be played as a trump card in the EEC Farm Price Review in return for a change in the calculation of the formula used for calculating pigmeat monetary compensatory amounts.

That was urged yesterday in London by Mr. George Paul, managing director of Pauls and Whites Foods, animal feed compounders and are also one of Britain's biggest pig producers.

Mr. Paul said the future of the whole British pig industry, not just the bacon trade, was dependent on a reduction in those "grossly unfair" MCAs.

Temporary respite had resulted from lower feed costs and slightly higher pig prices, but the slender margin may soon be eroded again, Mr. Paul added.

He said that all farmers badly needed a substantial "green pound" devaluation early this year.

Although such a devaluation would raise the cost of some inputs, notably feed, it would mean more cash generated for the re-investment.

Cost "push" was giving farmers "a hefty kick up the backside" which many did not realise yet because of unexpected windfalls.

These had tended to mask the fact that input prices and operating costs have rocketed, he said.

Mr. Paul, commenting on recent rumours of possible takeover bids that had boosted the share price of the company said that under Stock Exchange regulations directors must make an announcement if they knew of any potential bids.

Since they had made no such announcement, one could draw one's own conclusions, he said.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lost ground despite a steady [illegible] when forward metal was £668. In [illegible] speculative selling emerged and buyers reluctant the price fell to £650, after a moderately active day. Turnover 23,900 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	644-.5	−9	647-.5	−9
3 months	657-.5	−9.25	659.5-60	−9
Settlem't	644.5	−9	—	......
Cathodes				
Cash	633.4	8.75	636-7	−8.25
3 months	646.5	−8	649-.5	−8
Settlem't	634	−8.5	—	......
U.S. Prm.	—	......	60-62.5	......

[illegible] with some stop-loss selling under [illegible]. In the afternoon there was some [illegible], despite a lower Comex market. The close on the Kerb was [illegible].

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £644, 44.5, three months £665, 64, 63, 62, 60, 59, 58, 57, 57.5, 57. Cathodes, three months £647, 46.5. Kerb: Wirebars, three months £658, 59, 59.5, 60. Afternoon: Wirebars, cash £647, three months £660.5, 61, 60.5, 60. Kerb: Wirebars, three months £659.5, 59.

TIN—Little changed on balance but the market was quieter than other metals. The East was slightly easier overnight and this allowed forward metal to start in London at £6,290. However, the dull sentiment of other markets spread and the price slipped to £6,200, helped by some stop-loss selling, before hedging against European physical demand caused a rally to £6,290. But trade and hedge selling led to a close on the Kerb of £6,250. Turnover 1,480 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	6260-5	−92.5	6290-300	......
3 months	6245-55	−105	6280-90	−10
Settlem't	6265	−95	—	......
Standard				
Cash	6260-5	−92.5	6290-300	......
3 months	6235-40	−105	6270-5	−12.5
Settlem't	6265	−95	—	......
Straits E.	$1690	−1	—	......
New York	—	......	557.50	+3.0

Morning: Standard, cash £6255, 63, three months £6210, £6200, 05, 10, 20, 40, 50, 45, 40. High Grade, cash £6260, 65. Kerb: Standard, three months £6240, 45, 60. Afternoon: Standard, cash £6295, three months £6270, 90, 70, 75. Kerb: Standard, three months £6250.

LEAD—Weaker with the market unable to sustain an early price of £351 for forward metal when covering against Eastern bloc interest induced steadiness. The liquidation of long positions, chartist and stop-loss selling led to a fall to £338.5 in the second morning ring. Although £342 was touched in the early afternoon, selling pressure was maintained, leading to a close on the Kerb of £335.5 after active trading sessions. Turnover 15,450 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	
Cash	333-.5	−14	335.5-6	−12
3 months	338.5-.75	−14½	341-.5	−12½
Settlem'nt	333.5	−14	—	......
N.Y. spot	—	......	*32-33	......

Morning: Cash £333.5, three months £344, 42, 41, 40, 41, 41.5, 42, 41.5, 41, 39, 38, 39, 38.5. Kerb: Three months £339.5, 40, 40.5. Afternoon: Three months £341.5, 42, 41, 41.5, 41.25, 41. Kerb: Three months £341, 40.5, 40, 39, 38, 37, 36, 35.

ZINC—Lower after being initially marked down to £269-£270 for forward metal. But the price moved narrowly in a market quieter than that of lead, holding between a low for the day of £266 and a high of £270. The close on the Kerb was £268. Turnover 4,180 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	260-.5	−8.87	265-.5	−5.5
3 months	[illegible]	[illegible]	[illegible]	−6
[illegible]	[illegible]	[illegible]	—	......
Prim. wests	—	......	[illegible]	......

[illegible]

LEGAL NOTICES

No. 00036 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of DENTY-PLASS LIMITED and in the Matter of The Companies Act, 1948.

[illegible]

No. 00172 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of BARCOMBE (WINE MERCHANTS) LIMITED and in the Matter of The Companies Act, 1948.

[illegible]

COMPANY NOTICES

[illegible]

PUBLIC NOTICES

[illegible]

SILVER

[illegible]

COFFEE

Robustas opened slightly lower and initially failed to break through major support level around £1,800 basis Mar., reports Drexel Burnham. Heavy trade selling in late morning forced values lower and triggered off great deal of stop-loss liquidation taking market to lows at lunch. In afternoon, bear move exhausted itself as New York strengthened from earlier limit-down and fresh local dealer buying caused market to close only £5 to £28 lower on day. Volume good indicating encouraging speculative interest.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
January	1979-1980	−01.0	1980-1957
March	1810-1812	−15.0	1814-1762
May	1715-1719	−15.5	1720-1672
July	1670-1675	−10.0	1670-1639
September	1627-1650	−08.0	1625-1620
November	1575-1600	−22.5	—
January	1550-1600	−17.5	—

Sales: 3,352 (2,207) lots of 5 tonnes.

ICO indicator prices for Jan. 18 (U.S. cents per pound): Colombian Mild Arabicas 206.00 (206.00); unwashed Arabicas 219.00 (same); other mild Arabicas 206.67 (206.00); Robustas 178.50 (179.00). Daily average 192.58 (193.50).

LONDON ARABICAS—Dull in contrast to lively Robustas, reports Drexel Burnham. Values $2 to $3.5 lower per 50 kilos.

Prices (in order buyer, seller, change, business)—April 217.75-218.00, −3.37, 208.00-218.50; June 204.50-204.50, −3.85, 205.00-203.75; August 195.75-196.25, −2.25, 198.00-194.85; Oct. 186.50-187.50, −2.45, 168.25; Dec. 173.00-178.00, −2.63, nil; Feb. 163.00-171.00, −2.00, nil. Sales: 98 (180) lots of 17,250 kilos.

GRAINS

GRAIN FUTURES (GAFTA)—Market opened unchanged and after initial gains in old crop wheat of up to 40 points on commercial short-covering, large scale profit-taking entered and values quickly lost gains. On aggressive selling in afternoon losses of up to 30 points registered. Spot wheat tight. Old crop barley steady and steady hedge selling easily absorbed. Market closed between 15-30 higher. New crop barley steady on old crop/new crop spreaders, but initial gains of 20 points on new crop wheat turned into losses of 10 points by close, reports Acli.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or −	Yesterday's close	+ or −
Jan.	83.70	−0.05	71.90	+0.15
Mar.	84.75	−0.60	73.30	+0.30
May	86.65	−0.60	75.50	+0.40
Sept.	82.70	−0.05	77.60	+0.20
Nov.	85.05	−0.10	80.00	+0.38

Business done—Wheat: Jan. 84.15-83.65, March 85.30-84.60, May 87.40-86.50, Sept. 83.00-82.80, Nov. 85.35-85.25. Sales: 213. Barley: Jan. nil, Mar. 73.30-73.00, May 75.50-75.30, Sept. 77.60-77.40, Nov. 80.00-79.90. Sales: 123.

IMPORTED—Wheat: CWRS No. 1 13½ per cent. Jan. £94, Feb., March £93.75 Tilbury. U.S. Dark Northern Spring No. 2 14 per cent. Jan. £82.75, Feb., March £82.25 transhipment East Coast. U.S. Hard Winter ordinary unquoted. Australian wheat unquoted.

Maize: U.S./French Jan. £98, Feb. £98.50, March £100 transhipment East Coast. S. African grades unquoted.

Barley: Unquoted.

HGCA—Ex-farm spot prices Jan. 19. Other milling wheat: South Lincoln £88.70. Feed wheat: South Lincoln £78.80, Wiltshire £78.90. Feed barley: South Lincoln £69.50, Wiltshire £70.60.

EEC IMPORT LEVIES—Effective to-day in order current levy plus Feb., March and April previous in brackets in units of account a tonne. Common Wheat—87.29, nil, nil, nil (same); Durum Wheat—115.65, nils (117.64, nils): Rye—74.00, nils (same); Barley—77.35, nils (same); Oats—68.56, nils (same); Maize (other than hybrid for seeding)—78.68, nils (same); Millet—73.79, nils (73.12, nils); Grain Sorghum—79.81, nils (same). Also for flour. Wheat or mixed wheat and rye flour—133.70 (same); Rye Flour—115.46 (same).

COCOA

[illegible]

JUTE

DUNDEE JUTE—Very firm. Prices of jute afloat to U.K.: BWC £262, BWD £250. Tossa: BTC £268, BTD £252. Calcutta goods steady. Quotations c and f U.K. for January shipment: 10-ounce 40-inch £9.97, 7½-ounces £7.70 per 100 yards. February £10.24 and £7.77. March £10.38 and £7.84. "B" twills: £30.15, £30.78 and £31.31 for the respective shipment periods. Yarn and cloth quiet, but prices firm.

RUBBER

EASIER opening on the London physical market. Little interest throughout the day closing on a dull note. Lewis and Peat reported that Malaysian godown price was 201 (202) cents a kilo (buyer, Feb.).

No. 1 R.S.S.	Yesterday's close	Previous close	Business done
Feb	46.25-47.00	47.60-47.90	—
March	46.75-47.60	48.00-48.30	—
Apr-Jne	49.30-48.35	49.30-49.35	49.20-48.20
Jly-Sept	50.15-50.25	51.15-51.20	51.15-50.10
Oct-Dec	51.55-51.60	52.80-52.86	52.50-51.60
Jan-Mr.	53.10-53.20	54.10-54.15	55.60-53.20
Apr-Jne	54.65-54.70	55.40-55.75	55.70-55.00
Jly-Sep.	56.25-56.30	57.05-57.10	58.30-56.25
Oct-Dec	57.70-57.90	58.80-58.55	57.70

Sales: 254 (350) lots of 15 tonnes and one (21) at 5 tonnes. Physical closing prices (buyers) were: spot 46.75p (47.5); Feb. 47p (48.0); March 47p (48.0).

SOYABEAN MEAL

Unchanged despite weak close in Chicago. Business was small, prices remained within narrow trading range. Light liquidation met with trade buying at lower levels. SNW commodities reports.

	Yesterday's Close	+ or −	Business Done
	£ per tonne		
February	107.50-08.0	−0.80	108.50-07.50
April	106.20-08.5	+0.10	107.00-06.10
June	106.70-08.9	−0.30	107.00-06.10
August	107.00-07.5	−0.25	—
October	107.40-07.9	−0.75	108.00-07.00
December	107.50-07.5	−0.80	107.50
February	107.50-10.0	−0.25	—

Sales: 58 (132) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE for raw sugar £114.00 (same) a tonne cif for Jan.-Feb shipment. White sugar daily price was fixed at £114 (same).

Trade selling in thin market reduced prices by some 60 points from overnight levels, but losses recovered by close on arbitrage buying against higher New York advices. Turnover enlarged by self trade of 25,000 tons in August.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	120.95-21.00	121.10-21.25	121.75-20.80
May	125.70-25.85	126.10-26.15	127.00-25.40
Aug.	129.15-29.20	129.65-29.80	130.00-28.75
Oct.	152.15-52.20	162.80-62.85	165.00-61.80
Dec.	154.50-54.75	155.60-55.25	155.75-54.50
March	158.00-58.75	158.00-58.25	—
May	140.50-41.50	141.25-41.55	—

Sales: 2,307 (2,712) lots of 2 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £242.40 (same) a tonne for home trade and £179 (same) for export.

International Sugar Agreement—Indicator prices (U.S. cents per pound fob and stowed Caribbean port): Jan. 18: daily price 8.90 (8.81); 15-day average 8.54 (8.47).

WOOL FUTURES

(Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or −	Business Done
March	230.0-40.0	......	234.0
May	232.0-35.0	......	—
July	232.0-34.0	......	—
October	235.0-38.0	......	—
December	235.0-38.0	......	—
March	235.0-40.0	......	—
May	237.0-42.0	......	—
July	237.0-42.0	......	—

Sales: 3 (1) lots of 1,500 kilos.

SYDNEY GREASY (in order buyer, seller, business, sales)—Micron contract: March 336.2, 336.4, 337.0-336.1; May 341.2, 341.5, 342.1-341.1; July 345.7, 346.0, 347.7-345.7; Oct. 349.6, 350.0, 351.2-349.4; Dec. 355.6, 356.0, 356.5-355.5; March 360.5, 360.9, 361.5-360.5; May 362.3, 362.8, nil; July 364.0, 364.3, 365.5-364.1. Sales: 373.

BRADFORD—Crossbred tops quoted penny or two lower following this week's sales in primary markets. Merinos holdings fairly steady although showing slightly easier tendency. Market is quiet and depressed.

MEAT/VEGETABLES

[illegible]

VEGETABLE OILS

[illegible]

HIDES—[illegible]

PRICE CHANGES

Prices per tonne unless otherwise stated.

	Jan. 19 1978	+ or −	Month ago
Metals			
Aluminium	£680	......	£680
Free Market (cis)	$960-10	......	$960-80
Copper cash W. Bars	£647.25	−9.0	£681.75
3 months do. do.	£659.75	−9.0	£697.25
Cash Cathode	£636.5	−8.25	£670.5
3 months do. do.	£649.25	−8.0	£686
Gold Troy oz.	$175.575	+1.5	$159.875
Lead Cash	£335.75	−12.0	£367.5
3 months	£341.25	−12.5	£372.75
Nickel	—	......	—
Free Market (cif)	$1.79-2.05	......	$1.75-2.1
Platinum troy oz.	£96	......	£88.5
Free Market	£103.5	......	£94.75
Quicksilver (76lb.)	$130.35	......	$125-5
Silver Troy oz.	254.55p	−1.85	250.4
3 months	258.5	−2.0	253.9
Tin Cash	£6,295	......	£6,662.5
3 months	£6,272.5	−12.5	£6,547.5
Wolfram 22.0lb. cif	$168-170	−4.5	$169-7
Zinc cash	£265.25	−5.5	£290
3 months	£270.75	−6.0	£288.75
Producers	$600	......	$600
Oils			
Coconut (Phil)	$537t	+4.5	$557.5
Groundnut	£609	......	£597
Linseed Crude (v)	£257	−3.0	£253
Palm Malayan	$505w	+5.0	$505
Seeds			
Copra Philip	$372.5y	......	$385
Soyabean (U.S.)	$234w	−1.0	$248.1b
Grains			
Barley EEC	‡	......	‡
Home Futures	£71.9	+0.15	£70.26
Maize			
French No. 3 Am	£98	−0.5	£94
Wheat			
No. 1 Red Spring	£94	+0.25	£90.5
No. 2 Hard Winter	‡	......	‡
English Milling	*£85.50m	......	£91.25
Cocoa Shipment	£1,695	−35.0	—
Future May	£1,535.5	−22.5	£1,822.5
Coffee Futures			
March	£1,811	−13.0	£1,707
Cotton 'A' Index	64.8c	+0.7	60.3
Jute LJ ABC	$437	......	$437
Rubber kilo	46.75p	−0.75	47p
Sisal E MASL	$56J-7s	......	$560.70
Sugar (Raw)	£114	......	£105
Wooltops 64s kilo	267p	......	271

‡ Nominal. ‡ Unquoted. a Seller's quotation. c Cents a pound. o Ex-tank London Hull. m Feb. p Jan.-Feb. r Dec.-Feb. s Feb.-Mar. t March-April. u Feb.-April. w March. v Jan.-March. y Per ton.

FINANCIAL TIMES

Jan. 19	Jan. 18	Month ago	Year ago
251.85	252.27	256.86	267.04

(Base: July 1, 1952=100)

REUTER'S

Jan. 19	Jan. 18	Month ago	Year ago
1410.4	1415.7	1416.4	1610.4

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Jan. 19	Jan. 18	Month ago	Year ago
Spot	344.64	346.31	348.71	380.31
Futures	333.70	334.83	327.39	373.99

(Average 1924-25-26=100)

MOODY'S

Moody's	Jan. 19	Jan. 18	Month ago	Year ago
Sple Commt.	895.8	896.6	880.4	892.6

(December 31, 1931=100)

COTTON

COTTON, Liverpool—Spot and shipment sales amounted to 792 tonnes bringing the total for the week so far to 2,405 tonnes. Active demand came forward and the movement of supplies was impressive. Replenishment interest was shown in certain Middle Eastern qualities with occasional support in African and Latin American growths, F. W. Tattersalls reports.

U.S. Markets

Cocoa eases as precious metals rise

NEW YORK, Jan. 19.

COCOA eased on chartist selling and scattered ring selling. Copper eased near the close on Commission House selling and local selling trying to elect stoploss orders. Precious metals finished slightly higher in quiet conditions before President Carter's State of the Union address. After initial support on trade buying, sugar eased to close lower on Commission House and local selling, Bache reports.

Cocoa—March 136.30 (138.75), May 125.90 (127.85), July 122.90, Sept. 120.15, Dec. 117.00, March 115.20, May 114.00. Sales: 1,097.

Coffee—"C" Contract: March 196.00-197.08 (195.01), May 182.00-183.35 (181.75), July 170.00-170.89, Sept. 165.00-165.75, Dec. 149.00-151.00, March 144.00-150.25, May unquoted. Sales: 600.

Copper—Jan. 57.90 (58.70), Feb. 56.10 (58.90), March 58.50, May 59.50, July 60.50, Sept. 61.50, Dec. 62.90, Jan. 63.40, March 64.30, May 65.20, July 66.10, Sept. 67.00. Sales: 3,300.

Cotton—No. 2: March 54.90-54.91 (55.12), May 56.03 (56.21), July 57.02-57.08, Oct. 57.90, Dec. 58.55, March 59.35-59.50, May 60.05, July 60.05-61.05. Sales: 275,000 bales.

*Gold—Jan. 173.30 (171.80), Feb. 173.70 (172.30), March 174.90, April 176.20, June 178.70, Aug. 181.20, Oct. 183.80, Dec. 186.40, Feb. 189.10, April 191.90, June 194.70, Aug. 197.50, Oct. 200.30. Sales: 11,000.

†Lard—Chicago loose 21.00 (same). New York prime steam 22.50 traded (same).

‡Maize—March 222½-222¼ (221½), May 227 (226), July 229-228¾, Sept. 227½, Dec. 228¾, March 235¾.

§Platinum—April 204.10-204.60 (200.60), July 208.60 (204.40), Oct. 212.00, Jan. 215.50-215.70, April 219.10-219.30.

§Silver—Jan. 490.30 (488.80), Feb. 491.30 (489.90), March 495.00, May 501.90, July 508.90, Sept. 515.90, Dec. 526.70, Jan. 530.30, March 537.50, May 544.70, July 551.90, Sept. 559.10. Sales: 8,500. Handy and Harman spot 491.50 (489.80).

Soyabeans—Jan. 554¼ (556¼), March 561-561½ (563¼), May 569¼, July 576¼-576, Aug. 577-576½, Sept. 563, Nov. 561-561¼, Jan. 569½.

||Soyabean Meal—Jan. 149.70-150.00 (149.60), March 151.20-151.90 (152.70), May 154.90-154.70, July 157.70-158.00, Aug. 158.50-158.78, Sept. 158.50, Oct. 156.00-156.50, Dec. 158.00-158.50.

Soyabean Oil—Jan. 19.83-19.80 (19.79), March 19.93-19.90 (19.90), May 20.05-20.10, July 20.10-20.15, Aug. 20.05, Sept. 19.70, Oct. 19.15, Dec. 19.20, Jan. 19.20.

Sugar—No. 11: March 9.42-9.43 (9.49), May 9.76 (9.83), July 9.93, Sept. 10.12-10.14, Oct. 10.22, Jan. 10.38 bid, March 10.50-10.53, May 10.92. Sales: 3,550.

Tin—555.00-560.00 asked (550.00-558.00 asked).

**Wheat—March 270½-271 (270½), May 277½-277¼ (277¾), July 283¼-283, Sept. 290½, Dec. 301½, March 310½.

WINNIPEG, Jan. 19. ††Rye—May 111.00 bid (110.50), July 108.20 asked (107.20 bid), Oct. 108.00 bid, Nov. 109.50 bid.

††Oats—May 75.20 bid (74.50), July 73.90 asked (73.00 asked), Oct. 73.30 asked.

‡‡Barley—May 78.00 (77.60), July 76.50 bid (76.20), Oct. 75.80 bid.

§§Flaxseed—May 209.50 (209.00 bid), July 211.30 bid (210.50 bid), Oct. 215.00 bid, Nov. 218.00 asked.

Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 399¾ (395¾).

All cents per pound ex-warehouse unless otherwise stated. $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs.—Dept. of Ag. prices previous day. Prime Steam f.o.b. NY bulk tank cars. ‡ Cents per 56 lb. bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 ounce units of 99.9 per cent. purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb. bushel in store. †† Cents per 34 lb. bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel, ex-warehouse, 1,000 bushel lots.

STOCK EXCHANGE REPORT

Firm trend in gilts takes equities into higher ground

Share index advances 9.7 to 486.0—Small trade—Golds up

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 3	Jan. 12	Jan. 13	Jan. 24
Jan. 16	Jan. 26	Jan. 27	Feb. 7
Jan. 30	Feb. 9	Feb. 10	Feb. 21

* "New time" dealings may take place from 9.30 a.m. two business days earlier

Stock markets made an impressive showing yesterday, with the three main sections all making good headway. The volume of trade, however, again left much to be desired. Long-dated British Funds set the pace, gains to ¾ in the early afternoon being stretched by ¼ further in the late trade, and the shorts ended with rises to ¼. The Government Securities index put on 0.36 for a two-day rise of 0.62, following the previous two-day loss of 0.81.

After a slow start pending the development of a trend in the Funds, leading equities quickly improved *from about 11 a.m. as* reflected in the FT 30-share index which was 6.8 up at noon after having been a mere 0.5 harder an hour earlier. Rises were often out of proportion to actual demand, with the market generally moving sharply ahead in thin trading with jobbers again choosing to go with the trend.

Several gains in the index constituents ranged to double figures, while Distillers, initially helped by the announcement that whisky exports last year reached a record volume, went further ahead to close 9 up at 174p on the proposed rise in its export prices. The FT sector index gained 4.7 per cent. to 248.31 and the Brewery index, up 3.1 per cent. at 222.34, benefited from the interim price increases allowed on most of Allied's beers pending the Price Commission's investigation.

The All-share index improved 1.4 per cent. to 212.15 and rises in all FT-quoted equities outnumbered falls by nearly 6-to-1. Trading news and announcements and the current speculative favourites again provided numerous firm features, but the disappointing level of trade was illustrated by official markings which continued this week's progressive fall and, at 5,031, were at the lowest since January 4.

Renewed pressure on the dollar was partly responsible for a rally of 4.2 to 147.3 in the Gold Mines index.

Gilts advance again

Hesitant in the first few moments of business, British Funds soon went better in thin trading, not all of which was one-way, and ended the day showing fresh gains ranging from ⅛ among the shorts to ⅞ in selected high-coupon longs. Business in the former was helped by the presence of a sizeable buying order from a Building Society, while sentiment as a whole was underpinned late by a favourable reception to December's money supply figures. Following this announcement, the longer maturities met with increased demand which extended their advance to ⅞ in places before a short-lived reaction and then renewed firmness in the final dealings. Corporations failed to match the trend in the main funds and displayed small mixed changes, but recently-issued scrips were sometimes harder. Southern Rhodesian bonds marked time following light interest.

Unsatisfied institutional buying ensured a continuation of the upturn in the investment currency premium, readily absorbing occasional arbitrage offerings and bringing a closing rate of a further 2½ points higher at 77½ per cent., virtually the day's best. Yesterday's SE conversion factor was 0.7584 (0.7704).

Insurances better

A quietly firm trend was maintained in both the Bank and Insurance sectors. In the latter category, Life issues returned to prominence with Equity and Law, 7 higher at 174p, leading the advance. Sun Alliance put on 6 to 582p among Composites which had Commercial Union 3 dearer at 153p.

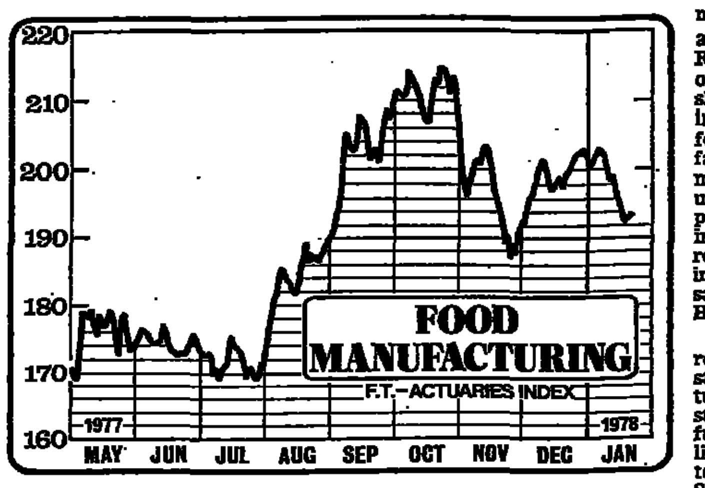
Rumours, later confirmed, that the Price Commission would allow Allied Breweries to proceed with its interim beer price increases of 2p a pint caused a late flurry in Breweries which closed with widespread gains throughout the list. Allied finished 4½ better at 87½p, while A. Guinness, 188p, and Scottish and Newcastle, 67½p, put on 3 apiece. Bass Charrington, a dull market of late, rallied 3 to 148p, while Davenports' continued to attract speculative interest and closed 8 to the good at 90p. Elsewhere, Distillers' decision to increase its export prices of whisky brought a late rise of 9 to 174p, after 175p, and also created firmness in other distillery concerns. Highland rose 7 to 158p, Invergordon 3 to 93p and A. Bell 4 to 232p. Amalgamated Distilled Products were also better at 39p, up 2.

Speculative buying engendered by bid hopes lifted Tarmac 6 to 146p, after 148p, in firm Buildings where Taylor Woodrow put on 10 to 404p. Aberdeen Construction and Barratt Developments ended 4 better at 90p and 120p respectively, while RMC added 3 at 134p as did John Mowlem at 131p. Tunnel B improved 5 to 272p. Still reflecting the better-than-expected results, Countryside Properties edged forward a penny more to 40p.

ICI, 8 better at 344p, led Chemicals higher. Fisons rose 12 to 392p, while Allied Colloids, a dull market of late on the poor interim statement, rallied 3 to 71p.

Press comment drew buyers' attention to LWT A which advanced 6 to 116p.

A Press article suggesting the possibility of a further bonus issue prompted marked firmness in GEC which pushed ahead to close around the day's best with a gain of 11 to 274p. Among the other Electrical leaders, EMI were also helped by Press mention and hardened 4 to 186p. Plessey firmed 3 to 92p, while Thorn rallied a few pence more to 364p. Still reflecting hopes of a counter offer, H. Wigfall advanced afresh to 264p before settling at 262p for *a net rise of 8; Comet Radiovision* hardened a penny to 103p, making the bid for Wigfall worth just over 241p per share. Decca, 480p, and the A, 470p, advanced 10 apiece, while Racal closed 4 dearer on balance at 222p. Automated Security moved up 5 more to 61p in response to a recent investment recommendation, while Westinghouse hardened a penny to 46p on the increased dividend and profits.



Stores closed at the day's best levels. Comment on the interim figures saw Allied Retailers push higher in lively trading to close 8 better at 193p. Buying ahead of next Wednesday's annual figures lifted Status Discount 7 to 136p and Dixons Photographic rose 13 to 171p in reply to better-than-expected half-yearly figures. Lincroft Kilgour gained 3 to 60p following the trading statement, while improvements of 4 and 5 respectively were seen in Vantona, 131p, and Martin the Newsagent, 230p. Of the leaders, Burton A were particularly favoured at 119p, up 4, Gussies A also did well, rising 8 to 298p.

Engineerings made progress, with the movement continuing in the late dealings. Tubes were noteworthy for a gain of 12 at 396p along with Hawker, 10 to the good at 202p. Scattered demand ahead of next Friday's interim results left J. Brown 5 dearer at 248p. Elsewhere, demand in a limited market left Whitehouse 8 dearer at 125p and P. Brotherhood 6 better at 119p, but Fluidrive contrasted with a fall of 8 to 74p on the current year's profits warning which accompanied the annual results. Samuel Osborn firmed 3 to 77p in response to Press mention, while compensation hopes continued to stimulate demand for Vosper, which advanced 17 further to 180p in a market none too well supplied with stock. Interest was also shown in Babcock and Wilcox, up 5 at 116p, but the profits statement and dividend boosting rights issue failed to stimulate James Neill, a penny lower at 90p.

Bejam came to the fore in Foods, on bid rumours and closed 7½ better at 74½p, after 76, despite a denial from the company; the Bejam chairman added that the group was aware that a total of 600,000 shares had changed hands on Tuesday. J. Bibby rose 6 to 229p for a two-day speculative gain of 13, while Robertson were also favoured at 148p, up 8. Supermarkets moved higher under the lead of William Morrison which advanced 9 to 194p.

Lon. Pavilion up

Press comment on the lottery venture directed fresh attention to Ladbroke which improved 6 to 212p for a two-day rise of 14. Grand Metropolitan edged forward 1½ to 107p in front of to-day's preliminary figures, while small buying in thin markets lifted Prince of Wales 7 to 90p and Wheeler's Restaurants 10 to 255p.

Miscellaneous Industrial leaders took a distinct turn for the better. Glaxo, 592p, and Metal Box, 310p, rose 12 apiece, while Beecham added 8 at 643p and Turner and Newall 6 at 208p. Secondary issues continued to attract considerable speculative interest. London Pavilion rose 25 further to 500p on continuing hopes of a higher offer, while Madame Tussauds edged forward 1½ more to 66p on further consideration of S. Pearson's agreed cash offer. Bid hopes lifted Norton and Wright 11 to 183p and persistent demand in a market short of stock prompted a fresh gain of 20 to 385p in Robert McBride. Reflecting late overnight business Toye opened sharply higher at 45p and improved further to close at 47p for a net rise of 7. North Sea-oil favourite National Carbonising met with renewed support at 50p, up 4, while Western Board Mills put on 4 to 66p following the interim figures. The chairman's reported forecast of only a small increase in consumer durable sales during the current year left Hoover A 5 lower at 368p.

Motor Distributors took the recent market re-rating a good stage further in another good turnover. Heron rose 3½ to 101½, still on the interim report, while further consideration of the preliminary figures lifted Henlys 2½ to 122p. T. C. Harrison improved 8 to 105p, while Caffyns, 109p, and Hanger Investments, 28p, put on 5 and 6 respectively. Among Components, Jonas Woodhead rose 4 to 105p and Lucas Industries 3 to 268p. Turner Manufacturing, however, contrasted with a fall of 3 to 111p on profit-taking after the previous day's speculative rise of 17. Group Lotus rallied 2 to 44p following news of its improved exports performance.

Thomson staged a useful rally on bear closing and regained 26 of the recent 78 fall at 640p. Among Paper/Printings, Associated Paper rose 5 to 55p in response to the strong return to profitability, while the 9½ per cent. Convertible moved up 11½ points *to £104 in sympathy.* More O'Ferrall added 5 at 81p.

Activity in the Oil sector remained at a low ebb. British Petroleum closed a few pence cheaper at 808p, but Shell managed a gain of 4 to 514p. Royal Dutch were again noteworthy for a fresh rise of a point to £38¾ on dollar premium influences. Outside of the leaders, Oil Exploration remained friendless and reacted 8 to 264p, but Burmah contrasted with a speculative rise of 3 to 56p, after 57p.

Properties firm

Properties soon shook off initial dullness as buyers began to show interest at the lower levels. Among the leaders, MEPC eased to 125p before rallying to close a net 3 higher at 129p, while Land Securities settled similarly dearer at 224p. Stock Conversion continued to benefit from the upward revision of the profits forecast and improved 4 more to 284p. Hammerson "A" rose 10 to 573p in a limited market, while Great Portland added 4 at 322p, but Raglan eased ½ to 6½p following the company's statement that it was unaware of any reason for the recent rise in its share price.

Gill and Duffus stood out in Overseas Traders with a speculative rise of 10 to 227p. Lonrho closed a penny harder at 77p in front of to-day's results, while Mitchell Cotts put on 5 to 49p.

Investment Trusts provided a couple of firm features. Updown Investment rose 6 to 60p on the bid from Cazenove and Company, while renewed speculative interest lifted Clifton Investments 5 to a 1977/78 peak of 12p. Atlantic Assets finished 1½ harder at 79½p following the interim report. In Financials, Britannia Arrow hardened 2 to 23½p.

Among Textiles, Courtaulds closed a penny harder at 125p despite adverse Press comment. Mackinnon of Scotland hardened 2½ to 25p on the return to the dividend list and profitability, while Radley Fashions improved 3 to 46p and John Haggas 4 to 106p.

BAT Industries Deferred highlighted Tobaccos with a rise of 8 to 275p.

Good day for Mines

Mining markets enjoyed their best day for some time with most sections moving ahead strongly. Overseas-domiciled shares were particularly firm, thanks to the continuing strength of the investment currency premium. The latter rose to an effective rate of 31¾ per cent. compared with 29½ per cent.

Golds advanced from the outset of business as the bullion price gained ground and heavy Cape buying appeared. Sentiment was also helped by the latest batch of higher quarterly working profits—those of the General Mining and Union Corporation groups. The bullion price was finally $1.50 higher at $173.375 per ounce, while the Gold Mines index put on 4.2 to 147.3.

The marginal Wit. Nigel featured lower-priced issues, further heavy speculative buying lifting the shares 7 more to a 1977-78 high of 45p.

Continuing bid rumours coupled with speculation concerning the Mahd Dhahab gold prospect in Saudi Arabia caused further buying of Gold Fields, which closed 8 higher at 202p.

Other London-based Financials to improve included Rio Tinto-Zinc, which advanced 7 to 186p reflecting good investment buying.

Oakbridge held the limelight in a generally strong Australian section; bid speculation in overnight domestic markets was followed by a 17 rise in the coal issue's shares here to a 1977-78 high of 144p despite an announcement by the company that it is not aware of any reason for the sharp rise in the share price.

Elsewhere, Consolidated Murchison staged a good recovery to close 30 better at 285p as London buyers discounted the recently published December quarter losses.

FINANCIAL TIMES STOCK INDICES

—	Jan. 19	Jan. 18	Jan. 17	Jan. 16	Jan. 13	Jan. 12	A year ago
Government Secs.	77.36	77.00	76.74	77.46	77.55	77.25	94.18
Fixed Interest	80.97	80.83	80.58	80.71	80.80	80.80	64.88
Industrial Ordinary	486.0	476.3	470.9	474.2	480.9	479.4	388.8
Gold Mines	147.3	143.1	143.9	143.4	139.1	142.4	108.2
Ord. Div. Yield	5.56	5.65	5.71	5.67	5.60	5.60	5.84
Earnings Y'ld%(full)(*)	16.89	17.19	17.37	17.24	17.05	17.05	18.08
P/E Ratio (net) (*†)	8.39	8.25	8.16	8.22	8.32	8.32	8.10
Dealings marked	5,031	5,128	6,194	6,474	5,034	5,266	5,856
Equity turnover £m.	—	64.94	66.81	62.93	80.43	76.03	86.99
Equity bargains total	—	13,298	13,225	17,950	14,656	14,057	17,881

10 a.m. 477.7. 11 a.m. 478.5. Noon 483.1. 1 p.m. 484.0.
2 p.m. 484.8. 3 p.m. 485.1.
Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=8.33.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines.	174.5 (18/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 19	Jan. 18
—Daily		
Gilt-Edged	199.0	195.5
Industries	158.3	176.8
Speculative	36.9	36.4
Totals	114.5	116.7
5-day Av'rage		
Gilt-Edged	206.7	201.9
Industrials	191.9	194.8
Speculative	41.7	41.4
Totals	126.8	127.9

OPTIONS TRADED

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan. 11	Jan. 23	Apr. 13	Apr. 25
Jan. 24	Feb. 6	Apr. 27	May 10
Feb. 7	Feb. 20	May 11	May 23

For rate indications see end of Share Information Service

Calls were dealt in Selincourt, Thomson Organisation, Lonrho, Burmah Oil, Camford Engineering, Talbex, House of Fraser, Town and City, British Land, English Property, J. Halstead, Allied Colloids, Tesco, Adda International, Streeters of Godalming, Mount Charlotte, Glynwed, Rustenberg, H. Wigfall, Celtic Haven, Empress Services, ICI and British Mohair. Puts were done in Gussies A and Tate and Lyle, while doubles were arranged in Selincourt, Inveresk, Talbex, Royco, Adda International, Restair, Brent Walker, EMI and Burmah Oil. A short-dated put was taken out in Tate and Lyle.

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs for 1977-78. There were no new Lows.

NEW HIGHS (112)

FOREIGN BONDS (1)
AMERICANS (1)
BANKS (1)
BUILDINGS (7)
CHEMICALS (1)
CINEMAS (1)
DRAPERY AND STORES (11)
ELECTRICALS (2)
ENGINEERING (11)
FOODS (5)
HOTELS (3)
INDUSTRIALS (28)
INSURANCE (2)
MOTORS (10)
NEWSPAPERS (2)
PAPER AND PRINTING (3)
PROPERTY (2)
SHIPBUILDERS (1)
SHOES (1)
TEXTILES (6)
TRUSTS (5)
RUBBERS (2)
TEAS (1)
MINES (5)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	63	2	9
Corpns. Dom. and Foreign Bonds	16	6	44
Industrials	628	109	842
Financial and Prop.	199	38	285
Oils	16	2	15
Plantations	13	3	18
Mines	78	7	38
Recent Issues	12	2	38
Totals	1,025	169	1,289

RECENT ISSUES

EQUITIES

Issue Price p ‡	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times covered	Gross Yield	P/E Ratio
‡‡	F.P.	—	470	362	ERGO (R0.50)	430	−5	F25c	—	3.9	—
104	F.P.	20/1	124	109	Farmer (S.W.)	124	+1	b7.53	2.5	9.3	7.1
52	F.P.	27/1	59½	53	I.M.I.	59	......	q3.22	2.7	8.5	6.3

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing price £	+ or −
£100	—	—	100½	100½	Agric Mort. Variable 1983	100½	......
£98½	F.P.	3/2	102¾	98	Bath 11¾% 1985	102¾	+½
£100	F.P.	27/1	61	60	Central & Sheerwood 10% Uns. Ln. 1981	60	......
£99	£60	3/3	61¼	57½	Grampian Reg. 10¾% 1986	61¼	+½
£100	F.P.	—	99	98½	Hounslow Variable 1982	98½	......
$100	F.P.	—	$96¼	$96¼	Inco 8¾% Notes 1984	$96¼	......
$100	F.P.	—	$96¼	$96¼	Do. 9% Deb. 1992	$96¼	......
£100	£10	24/3	15⅛	11¼	Kensington & Chelsea 11¾% 86-87	14½	+¼
£100	F.P.	—	100½	99⅞	Do. Do. Variable '82	100⅝	......
£100	—	—	100	99½	Leeds Variable 1982	100	......
£100	F.P.	—	100	100½	Leicester Variable 1982	100	......
††£99	F.P.	3/3	101½	100½	Mid Kent Water 7% 1982	101½	......
£98½	F.P.	3/2	102½	98	St. Helens 11¾% Red. 1986	102½	+½
—	F.P.	—	$97½	$95	Shell Intl. Fin. N/V. 8¾% Guar. Notes 1990	$96¾	......
—	F.P.	27/1	104	99p	Stag Furniture 10% Cum. Pref.	104	......
£99¾	F.P.	—	100⅛	100⅛	Tameside Variable 1983	100⅛	......
£99¼	£10	28/4	10⅝	10¼	Do 10¾% Red '84-5	10⅝	+¼
—	F.P.	6/1	107p	105p	York Trailer 10% Pref.	106	......

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Dates ●	Latest Renunc. Dates ■	1977/8 High	1977/8 Low	Stock	Closing Prices p	+ or −
95	nil	31/1	24/2	26pm	22pm	Arlington Motor	26pm	......
29	F.P.	16/12	27/1	39	32½	Bridport Gundry	37	+1
60	F.P.	6/1	10/3	74	66	Cableform	71	......
32	nil	23/1	27/2	19pm	6pm	Christy Bros	14pm	......
180	nil	24/2	10/3	52½	36pm	Comm. Bank of Australia	43pm	......
130	nil	13/1	10/2	25pm	10pm	Elbar Industrial	18pm	......
12½	nil	24/1	6/2	1½pm	½pm	Johnson & Barnes	¼pm	......
50	F.P.	29/12	27/1	63	54	Johnson Firth Brown	62	+2
62	F.P.	6/1	10/2	80½	71	Kenning Motor	80½	+1
10	nil	1/2	—	31pm	26pm	L.R.C. International	31pm	+5
158	nil	26/1	9/3	30pm	20pm	Muirhead	25pm	......
$A1.75	nil	17/2	3/3	63pm	43pm	National Bk. of Australasia	47pm	......
17½	F.P.	23/12	18/1	33½	24	Pawson W. L.	32	......
56	nil	—	—	18pm	15pm	Preedy (Alfred)	17pm	−1
32	F.P.	16/1	3/3	39	37¼	R.C.F.	39	......
70	F.P.	16/12	27/1	90	81	Record Ridgway	84	......
10	F.P.	19/11	16/2	14	11	Sturla (Geo.)	14	+1
169	F.P.	12/12	18/1	295	257	Utd. Scientific	288	......
30	F.P.	3/1	27/1	45	38	Williams (J. Cardiff)	42	+1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. r Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Rights by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
GEC	25p	11	274	+11	284	163
Shell Transport	25p	11	514	+ 4	635	454
Courtaulds	25p	10	125	+ 1	135	89
ICI	£1	10	344	+ 8	446	325
Racal Electronics	25p	10	222	+ 4	270	118
BAT Inds.	25p	9	275	+ 8	308	235
BP	£1	9	808	− 2	966	776
Burmah Oil	£1	9	56	+ 3	83	41
Cons. Gold Fields	25p	9	202	+ 8	224	137
Pauls and Whites	25p	9	133	—	136	75
RTZ	25p	9	186	+ 7	247	173
Vosper	25p	9	180	+17	180	73
Dunlop	50p	8	85	+ 2	124	78
Hawker Siddeley	25p	8	202	+10	214	113
Thorn Elect.	25p	8	364	+ 2	448	196

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

		Thurs., Jan. 19, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net.) Corp. Tax 52%	Wed. Jan. 18 Index No.	Tues. Jan. 17 Index No.	Mon. Jan. 16 Index No.	Fri. Jan. 13 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	211.36	+2.1	16.77	5.52	8.43	207.00	205.53	207.53	208.99	146.88
2	Building Materials (27)	192.08	+1.5	16.04	5.49	8.91	189.29	188.34	189.82	191.66	125.78
3	Contracting, Construction (26)	336.22	+1.5	17.25	3.77	8.43	331.17	330.74	334.53	336.59	198.44
4	Electricals (15)	460.25	+3.6	14.49	3.83	9.93	444.44	439.36	444.70	449.78	285.53
5	Engineering Contractors (13)	299.48	+2.0	19.59	6.26	6.99	293.61	290.95	292.81	295.06	185.87
6	Mechanical Engineering (72)	166.38	+1.9	17.55	6.17	8.12	163.28	162.00	163.87	164.37	132.61
8	Metals and Metal Forming (17)	162.79	+1.0	19.34	8.68	6.84	161.15	160.55	161.13	161.75	125.38
	CONSUMER GOODS										
11	(DURABLE) (53)	192.98	+0.9	17.39	4.81	8.39	191.22	188.06	189.25	190.61	128.89
12	Lt. Electronics, Radio TV (15)	232.38	+1.1	15.37	3.57	9.40	229.83	223.93	224.80	227.01	143.74
13	Household Goods (12)	178.28	−0.2	17.48	6.58	7.82	178.56	179.24	181.05	182.83	136.59
14	Motors and Distributors (26)	117.10	+0.9	20.60	6.35	7.27	116.07	115.25	116.31	116.60	84.57
	CONSUMER GOODS										
21	(NON-DURABLE) (176)	200.28	+1.9	15.42	5.69	9.38	196.62	195.51	197.30	199.83	146.12
22	Breweries (14)	222.34	+3.1	14.82	5.96	10.23	215.68	215.72	218.51	222.32	158.55
23	Wines and Spirits (6)	248.31	+4.7	16.41	5.56	9.14	237.16	236.11	237.52	243.27	167.22
24	Entertainment, Catering (18)	263.11	+1.7	13.65	6.53	11.18	258.76	256.18	257.28	258.75	187.62
25	Food Manufacturing (22)	193.76	+0.6	20.58	5.48	6.99	192.60	192.29	193.96	196.10	162.04
26	Food Retailing (16)	201.52	+2.4	13.45	4.48	10.82	196.83	196.02	198.67	199.78	140.38
32	Newspapers, Publishing (13)	338.59	+2.7	9.65	3.69	15.58	329.63	329.80	333.17	338.89	209.52
33	Packaging and Paper (15)	133.29	+1.2	19.80	8.70	7.26	131.68	130.03	130.98	132.50	99.09
34	Stores (38)	190.48	+1.6	9.99	4.15	15.74	187.44	186.33	188.38	191.22	119.25
35	Textiles (25)	177.87	+1.0	19.54	7.44	6.49	176.16	173.31	173.25	174.67	136.58
36	Tobaccos (3)	224.24	+2.4	21.54	8.03	6.19	219.09	217.55	219.61	222.30	212.87
37	Toys and Games (6)	104.19	+0.8	19.81	5.70	6.75	103.31	103.07	104.79	103.40	81.16
41	OTHER GROUPS (97)	191.15	+1.3	16.34	5.66	8.33	188.66	188.01	189.02	191.23	155.69
42	Chemicals (20)	255.02	+2.1	19.39	6.56	7.27	249.87	249.04	249.10	253.08	217.27
43	Pharmaceutical Products (7)	253.21	+1.6	10.86	3.91	11.80	249.18	248.87	251.80	254.61	0.00
44	Office Equipment (6)	132.88	+0.4	17.33	4.34	7.62	132.35	131.44	131.65	133.34	91.97
45	Shipping (10)	481.36	+0.6	20.46	6.08	5.79	478.60	472.74	473.62	472.62	425.09
46	Miscellaneous (54)	201.95	+0.7	15.55	6.06	9.11	200.52	200.10	201.74	203.86	153.20
49	INDUSTRIAL GROUP (496)	206.97	+1.7	16.12	5.58	8.79	203.47	202.20	203.85	206.04	152.67
51	Oils (4)	456.99	+0.3	15.23	4.28	7.98	455.81	452.40	454.36	459.85	446.95
59	500 SHARE INDEX	227.96	+1.5	15.99	5.39	8.66	224.59	223.15	224.84	227.24	176.23
61	FINANCIAL GROUP (100)	174.47	+0.9	—	5.02	—	172.87	170.87	172.13	174.74	130.73
62	Banks (6)	201.55	+0.3	24.45	5.06	6.24	200.93	197.15	198.00	200.66	162.22
63	Discount Houses (10)	222.69	+1.4	—	7.42	—	219.52	217.23	217.47	216.57	170.65
64	Hire Purchase (5)	167.76	+0.8	11.04	4.67	13.40	166.50	166.50	167.76	169.46	106.60
65	Insurance (Life) (10)	145.38	+2.2	—	5.70	—	142.25	141.05	142.95	145.66	108.71
66	Insurance (Composite) (7)	137.96	+1.3	—	5.84	—	136.13	133.82	134.59	137.72	104.79
67	Insurance Brokers (10)	321.33	+0.5	13.22	4.26	11.09	319.68	318.76	322.58	327.73	235.43
68	Merchant Banks (14)	82.96	+0.1	—	5.65	—	82.88	82.84	83.12	83.62	65.76
69	Property (31)	248.54	+0.9	2.79	2.75	66.96	246.40	245.19	247.84	250.40	162.12
70	Miscellaneous (7)	109.14	+0.8	23.37	7.22	5.99	108.31	108.56	109.15	109.31	76.77
71	Investment Trusts (50)	190.32	+0.5	3.26	4.83	30.72	189.31	189.13	190.66	192.23	159.50
81	Mining Finance (4)	94.01	+3.1	16.58	6.23	7.01	91.20	90.55	90.60	91.34	93.62
91	Overseas Traders (19)	280.18	+1.7	17.20	6.81	7.38	275.56	276.01	276.46	277.33	231.27
99	ALL-SHARE INDEX (673)	212.15	+1.4	—	5.34	—	209.24	207.79	209.31	211.65	164.67

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Jan. 19	Day's change %	xd adj. To-day	xd adj. 1977 to date
1	Under 5 years	109.36	+0.13	—	0.13
2	5-15 years	123.72	+0.58	0.64	0.96
3	Over 15 years	132.66	+0.70	—	0.57
4	Irredeemables	147.43	+0.66	—	0.00
5	All stocks	121.16	+0.46	0.12	0.45

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Thurs. Jan. 19	Wed. Jan. 18	Year ago (approx.)
1	Low Coupons	5 years	7.38	7.43	8.89
2		15 years	9.47	9.54	11.92
3		25 years	10.05	10.12	12.93
4	Medium Coupons	5 years	9.61	9.68	11.97
5		15 years	10.43	10.51	12.88
6		25 years	10.56	10.65	13.37
7	High Coupons	5 years	10.14	10.20	12.78
8		15 years	11.36	11.46	14.14
9		25 years	11.42	11.52	14.26
10	Irredeemables		11.21	11.28	14.27

		Thurs. Jan. 19 Index No.	Thurs. Jan. 19 Yield %	Wed. Jan. 18	Tues. Jan. 17	Monday Jan. 16	Friday Jan. 13	Thurs. Jan. 12	Wed. Jan. 11	Tues. Jan. 10	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	63.32	†11.74	63.28	63.28	63.13	63.14	63.19	62.99	63.43	49.87
16	Investment Trust Prefs. (15)	57.67	12.24	57.57	57.52	57.47	57.43	57.58	57.71	57.57	48.05
17	Coml. and Indl. Prefs. (20)	78.48	11.49	78.56	78.43	78.51	78.50	78.34	78.60	78.33	58.49

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 13p, by post 22p.

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AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

CLIVE INVESTMENTS LIMITED
Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101
Index Guide as at 11th January, 1978 (Base 100 at 14.1.77.)

Clive Fixed Interest Capital	134.97
Clive Fixed Interest Income	127.53

CORAL INDEX: Close 484-489

INSURANCE BASE RATES

† Property Growth	8½%
Cannon Assurance	4½%

* Address shown under Insurance and Property Bond Table.

BASE LENDING RATES

A.B.N. Bank	6½%	■ Hill Samuel §	6½%
Allied Irish Banks Ltd.	6½%	C. Hoare & Co. †	6½%
American Express Bk.	6½%	Julian S. Hodge	7½%
Amro Bank	6½%	Hongkong & Shanghai	6½%
A P Bank Ltd.	6½%	Industrial Bk. of Scot.	7 %
Henry Ansbacher	6½%	Keyser Ullmann	6½%
Banco de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce. ‖	6½%	Lloyds Bank	6½%
Bank of Cyprus	6½%	London & European	8½%
Bank of N.S.W.	6½%	London Mercantile	6½%
Banque Belge Ltd.	6½%	Midland Bank	6½%
Banque du Rhone	7 %	■ Samuel Montagu	6½%
Barclays Bank	6½%	■ Morgan Grenfell	6½%
Barnett Christie Ltd.	8½%	National Westminster	6½%
Bremar Holdings Ltd.		Norwich General Trust	6½%
Brit. Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
Brown Shipley	6½%	Rossminster Accept'cs	6½%
Canada Permanent AFI	6½%	Royal Bk Canada Trust	6½%
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	7 %
Cayzer Ltd.	7 %	E. S. Schwab	8½%
Cedar Holdings	8 %	Security Trust Co. Ltd.	7½%
Charterhouse Japhet	6½%	Shenley Trust	9½%
C. E. Coates	7½%	Standard Chartered	6½%
Consolidated Credits	7½%	Trade Dev. Bank	6½%
Co-operative Bank *	6½%	Trustee Savings Bank	6½%
Corinthian Securities	6½%	Twentieth Century Bk.	7½%
Credit Lyonnais	6½%	United Bank of Kuwait	6½%
The Cyprus Popular Bk.	6½%	Whiteaway Laidlaw	7 %
Duncan Lawrie ¶	6½%	Williams & Glyn's	6½%
Eagil Trust	6½%	Yorkshire Bank	6½%
English Transcont.	8 %		
First London Secs.	6½%		
First Nat. Fin. Corpn.	9 %		
First Nat. Secs. Ltd.	8 %		
Antony Gibbs	6½%		
Goode Durrant Trust	7½%		
Greyhound Guaranty	6½%		
Grindlays Bank ‡	6½%		
Guinness Mahon	6½%		
Hambros Bank	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½% and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.
‖ 7-day deposits 3½%. Rates for Term Deposits over £1,000 negotiable.

FOOD PRICE MOVEMENTS

	Jan. 19 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,030	1,030	1,010
British A.1 per ton	1,030	1,030	1,030
Irish Special per ton	1,020	1,020	1,000
Ulster A.1 per ton¶	1,030	1,030	1,000
BUTTER			
NZ per 20 lbs	10.94-11.05	10.94-11.05	10.94-11.05
English per cwt†	63.03	63.03	63.03
Danish salted per cwt†	70.15-71.60	69.15-71.60	69.15-71.60
CHEESE¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trad. per tonne	1,219.42	1,219.42	1,219.42
EGGS*			
Home-produce:			
Size 4	3.80- 4.40	4.00- 4.40	4.40- 4.60
Size 2	4.30- 5.00	4.50- 5.00	5.00- 5.10
	Jan. 19 per pound p p	Week ago per pound p p	Month ago per pound p p
BEEF			
Scottish killed sides (ex-KKCF)	46.5—49.5	47.0—50.0	—
Eire forequarters	32.0—34.0	31.0—33.0	—
LAMB			
English	47.0—54.0	47.0—54.0	—
NZ PLs-PMs	46.0—48.0	—	—
MUTTON			
English ewes	—	—	—
PORK (all weights)	32.0—42.0	30.0—41.0	—
POULTRY			
Broiler chickens	30.0—34.0	30.0—34.0	30.0—34.0

* London Egg Exchange price per 120 eggs. † Delivered. For delivery January 21-28.

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977-78 High	Low	Stock	£	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
101 13/16	95⅝	Treasury 9pc 1978‡‡	100 1/16	−1/32	8.96	6.08
104 1/16	97⅛	Treasury 10½pc '78‡‡	102⅝	......	10.24	5.23
100⅛	90 11/16	Exch. 5pc '76-78‡‡	99 5/16	+1/16	5.02	5.64
107	95 5/32	Treasury 11½pc '79‡‡	104 13/16	+1/16	10.97	7.02
97¼	84 15/16	Treasury 3pc '79‡‡	95¼	......	3.15	6.05
98¼	85⅛	Electric 4½pc '74-79	96½	......	4.42	6.63
106 15/16	92	Treasury 10½pc '79‡‡	104⅛	+1/16	10.08	7.95
97⅜	84⅞	Electric 3½pc '76-79	95½	......	3.67	6.14
107	87¾	Treasury 9pc 1980‡‡	101¾	−1/16	8.85	8.09
105¾	88⅝	Treasury 9½pc '80‡‡	102¼	+¼	9.29	8.41
96	82⅞	Treasury 3½pc '77-80	94¼	......	3.71	6.11
98¼	83 1/16	Funding 5½pc '78-80‡‡	95⅜	......	5.51	7.38
112 3/16	96 15/32	Exchequer 13pc 1980‡‡	109 1/16	+3/16	11.92	9.28
108 5/16	92 27/32	Treasury 11½pc 1981‡‡	105 5/16	+1/16	10.92	9.42
94¼	77⅞	Treasury 3½pc 1979-81	91⅝xd	+⅛	3.83	6.66
104	86 9/16	Treasury 9¾pc 1981‡‡	100 13/16	+3/16	9.67	9.44
97 3/16	96⅛	Exch. 8¼pc 1981	96 13/16	+¼	8.52	9.36
103½	97½	Exch. 9½pc 1981	100⅛xd	+1/16	9.49	9.48
92⅛	87 11/16	Exch. 3pc 1981	87¾xd	......	3.42	6.93
98¼	96⅛	Treas. Variable '81§§	96⅜	......	6.56	7.42
113 13/16	96¼	Exch. 12¼pc 1981‡‡	109 13/16	+1/16	11.62	9.66
100⅝	82⅞	Treas. 8½pc '80-82‡‡	98	+⅛	8.67	9.11
93⅛	71⅝	Treasury 3pc '82‡‡	85½xd	+⅛	3.51	7.17
119 1/16	101⅛	Treasury 14pc '82‡‡	114⅛	+¼	12.27	9.77
98½	95¼	Treas. Variable '82§§	95 13/16	......	6.59	7.42
98⅝	93⅝	Treasury 8¼pc '82	95 11/16	+3/16	8.62	9.46
102⅛	93⅝	Exch. 9¾pc 1982	98¾	+¼	9.37	9.57
		Five to Fifteen Years				
87⅝	81¼	Exch. 3pc '83	82½xd	+¼	3.64	7.20
114¼	95½	Treasury 12pc 1983‡‡	113¾	+¼	10.95	9.58
101⅜	96½	Treasury 9¾pc '83	98⅜	+⅛	9.41	9.66
95½	72⅝	Funding 5½pc '82-84‡‡	88⅜	+⅜	6.23	8.00
100¼	77⅜	Treasury 8½pc '84-86‡‡	95⅞	+⅛	8.89	9.26
87⅞	66¾	Funding 6½pc '85-87‡‡	86⅜	+⅜	7.65	8.92
94	68½	Treasury 7¾pc '85-88‡‡	88¼xd	+⅜	8.77	9.58
74 7/16	49⅛	Transport 3pc '78-88	67¼	+⅜	4.47	7.63
76¼	53⅞	Treasury 5pc '86-89	74	+⅜	6.88	8.77
121¼	90	Treasury 13pc 1990‡‡	113⅞	+¾	11.43	10.93
94¼	67⅛	Treasury 8¼ 87 90‡‡	88⅜	+½	9.42	10.02
112	88¾	Treasury 11¾pc 1991	105⅛	+¾	11.21	11.04
76½	53¼	Funding 5¾pc '87-91‡‡	73¾	+⅜	7.98	9.50
118	86¾	Treasury 12¾pc '92‡‡	110⅞xd	+¾	11.49	11.18
96⅛	89¼	Treasury 10pc 1992	92⅞xd	+⅞	10.67	10.88
113	89½	Exch. 12¼pc '92	106¼xd	+¾	11.40	11.22
		Over Fifteen Years				
116¼	84½	Treasury 12½pc '93‡‡	109⅜	+¾	11.45	11.24
73 11/16	51⅝	Funding 6pc 1993‡‡	71¼	+⅜	8.68	9.92
126½	96	Treasury 13¾pc 1993‡‡	118⅞	+¾	11.78	11.44
129¾	99	Treasury 14½pc '94‡‡	127⅝	+⅞	11.88	11.47
114⅛	94⅝	Exch. 12½pc 1994	107⅝xd	+¾	11.49	11.33
96	66¼	Treasury 9pc '94‡‡	89	+⅝	10.30	10.61
110¾	97⅞	Treasury 12pc '95	105½xd	+⅞	11.36	11.25
51⅞	32⅝	Gas 3pc '90/95	51¼	+¼	5.93	8.51
30	29⅛	Exch. 10¼pc '95 (£30pd)	30	+⅝	10.80	10.90
120 3/16	87	Treasury 12¾pc '95‡‡	112¾	+¾	11.54	11.36
92½	66¾	Treasury 9pc '92/96‡‡	89½	+⅝	10.42	10.72
133¾	101⅛	Treasury 15¼pc '96‡‡	130¼	+⅞	12.01	11.65
124	89¾	Exchequer 13¼pc '96‡‡	116¼	+¾	11.64	11.42
50	31¼	Redemption 3pc 1986-96	49⅜	+¼	6.19	8.58
122½	87⅛	Treasury 13¼pc '97‡‡	113⅞xd	+¾	11.63	11.44
98⅛	90⅝	Exchequer 10½pc 1997	94⅜xd	+⅞	10.98	11.05
89⅝	64⅞	Treasury 8¾pc 1997‡‡	87⅛	+⅝	10.45	10.75
72¾	50¼	Treasury 6¾pc '95-98‡‡	70⅞	+½	9.73	10.40
136½	103⅝	Treas. 15½pc '98‡‡	134¼	+⅞	11.97	11.68
97	65⅞	Treasury 9½pc 1999‡‡	89⅝	+⅝	10.62	10.77
56¼	54½	Treas. 10½pc '99 (£55pd)	55¾	+¾	11.00	11.05
44¾	27⅜	Funding 3½pc '99-04	41⅞	+¼	8.37	9.59
82¼	57½	Treasury 8pc '02-06‡‡	79½	+½	10.37	10.53
59	40½	Treasury 5½pc '08-12‡‡	57	+½	10.00	10.26
80¾	53¼	Treasury 7¾pc '12-15‡‡	75xd	+½	10.32	10.40
		Undated				
38⅞	26⅝	Consols 4pc	36⅝xd	+¼	10.88	—
38½	25⅝	War Loan 3½pc‡‡	36¼	+¼	9.65	—
39¼	26¾	Conv. 3½pc '61 Aft.	38⅞	+¼	9.26	—
28⅝	20½	Treasury 3pc '66 Aft.	28⅛	+¼	11.01	—
24⅛	17¼	Consols 2½pc	23⅝	+⅛	10.63	—
24	17⅛	Treasury 2½pc	23½	+⅛	10.99	—

**INTERNATIONAL BANK

1977-78 High	Low	Stock	£	+ or −	Yield Int.	Yield Red.
88¼	75½	5pc Stock '77-82	87¾xd	+¼	5.70	8.27

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

S.E. List Premium 31¾% (based on $US1.9315 per £)

Conversion factor 0.7584 (0.7704)

CANADIANS

S.E. List Premium 31¾% (based on $2.1326 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
195	70	Falcon Rh.50c	180	......	Q50c	1.3	26.0
22	9	Rhod'n Corp. 16⅔p.	20	......	0.57	4.3	4.3
165	52	Roan Cons. K4	55	+3	—	—	—
164	115	Tanganyika 50p	135	......	Q11.0	1.1	8.2
80	70	Do. Pref. 80p	78	......	Q9%	16.4	9.2
42	27	Wankie Col. Rh.1	37	......	Q7½c	1.4	17.3
27½	11½	Zam Cpr SBD0.24	11½	......	—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
20	10	Acmex 25c	12	+1	—	—	—
127	57	Bougainville 50 Toea	70	+1	Q10c	1.5	9.1
128	69	BH South 50c	75	+3	—	—	—
325	119	Conzinc Riotinto 50c	172	+4	Q9c	2.3	3.2
65	18	G.M. Kalgoorlie $1	60	......	—	—	—
112	77	Hamptn Areas 5p	85	+3	1.45	4.1	2.6
35	10	Metals Ex. 50c	15	+1	—	—	—
242	125	M.I.M. Hldgs. 50c	136	+4	Q9c	1.7	4.1
105	10	Mount Lyell 25c	18	......	—	—	—
2¾	1	Newmetal 10c	2	......	—	—	—
120	79	North B. Hill 50c	87	+2	Q8c	1.5	5.7
12	4½	Nth. Kalgurli	9	......	—	—	—
144	87	Oakbridge $A1	144	+17	Q11c	1.9	4.8
55	20	Pacific Copper	34	......	—	—	—
£13	575	Pancont'l 25c	875	−25	—	—	—
19	8	Paringa M&Ex. 5p	13	+½	—	—	—
555	345	Peko-Wallsend 50c	415	+10	Q15c	4.0	2.2
—	—	Poseidon 20c	75#	......	—	—	—
12	6	Vultan Min. 50c	11	......	—	—	—
164	87	Westn. Mining 50c	93	+2	Q6c	1.4	4.0
75	40	Whim Creek 20c	45	......	—	—	—

TINS

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
39	18	Amal. Nigeria	30	......	2.51	1.6	12.7
395	240	Ayer Hitam $M1	255	+7	Q†16.7c	0.9	35.1
57	25	Beralt Tin	46	......	3.75	2.3	12.4
260	155	Berjuntai $M1	210	+5	‡Q60c	φ	—
570	260	Geevor	470xd	......	†18.15	3.4	5.8
13	8	Gold & Base 12½p	10	......	—	—	—
325	190	Gopeng Cons.	260	......	13.2	1.9	7.8
140	72	Hongkong	140	......	—	—	—
100	60	Idris 10p	93	......	9.14	1.0	15.6
10½	7	Jantar 12½p	10	......	—	φ	—
85	30	Kamunting $M0.50	69	+1	ZQ15.5c	0.7	4.8
490	260	Killinghall	450	......	Q125	φ	27.8
410	217	Malay Dredging $M1	280	......	Q95.5c	φ	7.3
46	40	APahang	46	+1	†Q2.5	0.5	5.4
70	50	Pengkalen 10p	58	......	5.58	1.3	14.6
215	133	Petaling $M1	175	......	uQ12½c	10.9	1.5
90	35	Saint Piran	59	+1	g1.99	φ	5.1
73	55	South Crofty 10p	58	......	b4.12	1.5	10.8
210	77	South Kinta $M0.50	145	......	tQ77.8c	1.4	11.5
305	148	Sthn Malayan $M1	245	......	tQ131.3c	1.1	11.5
160	57	Sungei Besi $M1	140	......	—	—	—
60	19	Supreme Corp. $M1	57	......	ZQ10c	—	3.8
102	42	Tanjong 15p	100	......	6.25	φ	9.9
95	45	Tongkah Hrbr. $M1	74	......	Q56.82%	1.6	16.5
203	93	Tronoh $M1	153	+3	ZQ30c	2.0	4.2

COPPER

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
198	84	Messina R0.50	89	+1	Q30c	1.9	20.1

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
9½	9	Burma Mines 17½p.	9	......	—	—	—
115	58	Colby Mines $C1	80	+1	—	—	—
600	225	Cons. Murch. 10c	265	+30	Q30c	φ	‡
475	250	Northgate C$1	270	+5	—	—	—
247	173	R.T.Z.	186	+7	t8.5	q3.1	6.9
70	28½	Sabina Inds. C$1	34	......	—	—	—
£14¾	818	Tara Exptn. $1	833	−17	—	—	—
55	39	Tehidy Minerals 10p	45	......	1.21	2.5	4.1
160	121	Yukon Cons. C$1	127	......	Q7c	φ	3.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ∥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1978. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	41	−5
Bertam	19	......
Bdg'wtr. Est. 50p	282	......
Clover Croft	23	......
Craig & Rose £1	380	......
Dyson (R.A.)	35	......
Ellis & McHdy.	68	......
Evans Fr'k. 10p.	58	......
Evered	17	......
Fife Forge	47	......
Finlay Pkg. 5p	20½	......
Graig Ship. £1	240	......
Higsons Brew.	75xr	......
I.O.M. Stm. £1	137	......
Holt (Jos.) 25p	237	......
N'thn. Goldsmith	48xc	......
Pearce (C. H.)	127	......
Peel Mills	17	......
Sheffield Brick	47	−1
Sheff. Refrshmt.	50	......
Shiloh Spinn.	19	......
Sindall (Wm.)	85	......

IRISH

Conv. 9% '80/82.	£97¾	+⅛
Alliance Gas	70	......
Arnott	315	......
Carroll (P.J.)	107	−3
Clondalkin	84	−1
Concrete Prods.	121xd	......
Heiton (Hldgs.)	51	......
Ins. Corp.	175	......
Irish Ropes	110	......
Jacob	64	+1
Sunbeam	26	......
T.M.G.	175	......
Unidare	70	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	11
Babcock	10
Barclays Bank	25
Beecham	38
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	9
Cadburys	5
Courtaulds	10
Debenhams	10
Distillers	13
Dunlop	6½
Eagle Star	11
E.M.I.	18
Gen. Accident	17
Gen. Electric	16
Glaxo	40
Grand Met.	9
G.U.S. 'A'	18
Guardian	18
G.K.N.	22
Hawker Sidd.	60
House of Fraser	12
I.C.I.	25
"Imps"	7
I.C.L.	20
Inveresk	7
KCA	5
Ladbroke	17
Legal & Gen.	14
Lex Service	6
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	7
Lucas Inds.	25
Lyons (J.)	13
"Mams"	7
Mrks. & Spncr	13
Midland Bank	25
Nat. West. Bank	22
Do. Warrants	18
P & O Dfd.	12
Plessey	9
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	18
Reyrolle	20
Spillers	4
Tesco	4
Thorn 'A'	22
Trust Houses	13
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6

Property

Brit. Land	3¼
Cap. Counties	5
E.P.	5
Intreuropean	5
Land Secs.	18
MEPC	12½
Peachey	10
Samuel Props.	10
Town & City	2

Oils

Brit. Petroleum	45
Burmah Oil	7
Charterhall	3½
Shell	28
Ultramar	22

Mines

Charter Cons.	12
Cons. Gold	20
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page.

FINANCIAL TIMES
Friday January 20 1978

Growth of money supply accelerates

BY MICHAEL BLANDEN

THE GROWTH of the money supply accelerated again last month to leave the rate of increase over the first eight months of the financial year still above the top end of the official target range.

Since mid-April, the sterling money stock on the wider definition (M3) has risen by just under 8¾ per cent. This is equivalent to an annual growth rate of about 13¼ per cent.—above the target range of 9-13 per cent. for the full year but an improvement on the increase of just under 13½ per cent. recorded in the seven months to November.

A renewed jump in the money stock in December had been widely expected after last week's publication of banking figures for the month. The increase announced yesterday was quite well received in the money markets, which appeared to feel that it was not as serious as had been feared.

In the four weeks to mid-December, sterling M3 showed an increase after seasonal adjustment of £414m., or 1 per cent., compared with the modest rise of 0.7 per cent. in the previous month. Simultaneously, growth of the narrower definition of the money stock (M1) slowed down to 0.8 per cent. during the month, after its earlier sharp increases.

The rise in sterling M3 last month is subject to uncertainties, particularly in relation to the seasonal adjustments applied. Two main factors appear to account for the increase, namely a continued effect of earlier inflows from abroad and the unwinding of the exceptional movements in public sector funds reported in the previous month.

Domestic credit expansion (DCE), the main measure watched by the International Monetary Fund, was low at only £95m. seasonally adjusted. This brought the increase over the first eight months of the year to £1.56bn., well within the ceiling of £7.7bn. for the full year.

The contribution to DCE of bank lending in sterling to the private sector, at £223m. including official holdings of commercial bills, was below the average rate of increase in recent months. It was almost exactly offset by a fall of £222m. in the public sector's contribution.

After allowing for seasonal factors, the central Government deficit was smaller than in some recent months — not yet affected by the October tax cuts — and public sector borrowing was more than met by gilt-edged sales.

The money stock was boosted in relation to DCE by £152m., of external and foreign currency finance. It was also affected by a change of £167m., in non-deposit liabilities, reflecting the reinvestment in Treasury bills of some of the public sector funds placed temporarily with the interbank market which had previously distorted the money supply downwards.

GROWTH OF THE MONETARY AGGREGATES (£m.)

	Money stock M1 Unadjusted	Money stock M1 Seasonally adjusted	Money stock M1 %	Money stock M3 Sterling Unadjusted	Money stock M3 Sterling Seasonally adjusted	Money stock M3 Sterling %	Bank lending* Unadjusted	Bank lending* Seasonally adjusted	Domestic credit expansion Unadjusted	Domestic credit expansion Seasonally adjusted
1976										
Dec. 8	452	180	1.0	− 72	−159	−0.4	15	160	− 162	− 119
1977										
Jan. 19	−775	− 2	—	−950	−510	−1.3	679	38	−1,058	−1,055
Feb. 16	10	134	0.7	−635	−416	−1.0	−301	−226	−1,207	− 945
March 16 ...	270	− 35	−0.2	263	43	0.1	− 63	− 10	338	100
April 20	823	667	3.6	1,058	899	2.3	368	296	967	779
May 18	170	64	0.3	190	253	0.6	120	464	117	395
June 15	440	263	1.4	461	303	0.8	124	343	830	707
July 20	178	515	2.6	659	508	1.2	1,339	278	234	− 293
August 17 ...	279	108	0.5	− 56	75	0.2	−100	379	− 251	− 72
Sept. 21	521	956	4.8	809	883	2.1	167	241	− 91	115
Oct. 19	759	521	2.5	679	751	1.8	577	639	287	347
Nov. 16	472	341	1.6	429	286	0.7	121	336	361	264
Dec. 14	662	174	0.8	798	414	1.0	23	207	485	95

* To private sector in sterling

Source: Bank of England

British Steel bid to break manning impasse

BY PHILIP BASSETT, LABOUR STAFF

THE BRITISH Steel Corporation is to break a year-long deadlock and start its £170m. Redcar sinter plant on Teesside next month without union agreement on its manning. A demarcation dispute has kept the plant idle since it was opened in June last year.

A similar move in a dispute over a pay claim almost caused a national steel industry strike in 1975 when BSC tried to start work in the face of union opposition, at the Llanwern blastfurnaces in South Wales.

British Steel has told national and local union leaders of its decision. The TUC Steel Committee was told last week.

The corporation is unsure what will happen when the unions—including 50 members of the Boilermakers' Amalgamation who, after 12 months of talks, are still refusing to ratify an agreed plan for new working practices—are told to start the Redcar plant on February 13.

Eight hundred men are already working on the Redcar site to build a 10,000-tonnes-a-day blastfurnace which is the key to British Steel's expansion plans for the plant.

The sinter plant is crucial to the development plan. It produces a mixture of coke and iron ore which, trials have shown, is ideal for the new blastfurnace.

Commissioning of the sinter plant will give work to a further 750 men—mostly members of the steel industry craft unions other than the Boilermakers.

Negotiations with the craft unions who would work at Redcar—including the Electrical and Plumbing Trades Union, the Amalgamated Union of Engineering Workers, the Transport and General Workers' Union and the Boilermakers' Amalgamation—were started in January last year to try to agree on a flexibility arrangement designed to streamline manpower.

All the unions agreed on the arrangement on January 4 last year, but 50 boilermakers have since refused to ratify it.

National officials of the Amalgamation would like the agreement ratified, but the boilermakers at the site have refused to let members of maintainance craft unions do their work.

With other craftsmen's jobs in the balance, pressure on the boilermakers to ratify the agreement and start work on February 13 is likely to be great.

British Steel has, until now, refused to open Redcar without a full manning agreement but with a projected loss of £520m. in this financial year, it now feels that it can no longer afford to leave its huge investment idle.

There are no similar plans to settle a dispute by electricians who want technicians' status which has closed a sinter plant at the Port Talbot steelworks in South Wales since a nine-week strike last year closed the steelworks.

Four older sinter plants at Port Talbot are still providing enough material for the plant's two blastfurnaces.

BSC last night said during pay talks with leaders of the craft unions that without co-operation on the commissioning of new plant and on early closure of high-cost older works, it would not raise its 6 per cent. pay offer.

Varley's dilemma, Page 18
Villiers letters, Page 6

Trafalgar sells City offices for £61m.

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

TRAFALGAR HOUSE, the shipping to newspapers group, has sold three of its City of London office developments for a total of £61m. This is by far the largest City office disposal in recent years.

When details of the sales are released, they are expected to boost valuations throughout the property investment market.

Trafalgar has been granted Stock Exchange permission to defer a formal announcement of the sales until all the legal formalities of the complex deal are completed. But it is known that two of the group's City offices have been sold for £41m. and that the sale of a third block, for £20m., has now been agreed and is nearing the legal completion stage.

Talks are also being held over the sale of Trafalgar's three remaining City office developments.

Details of the sales are expected to be given to shareholders at Trafalgar's annual meeting next Thursday. The three buildings already sold are understood to be Billiter Building, E.C.3, Leadenhall House and 120, Fenchurch Street, all prime-quality City offices.

The purchasers are unknown. But the Post Office's pension fund is thought to be one of the institutional buyers.

Judging by the prices achieved Trafalgar's deal will radically alter views about the value of prime City properties. It has been suggested that at least one of the buildings has been bought at a price that shows its institutional purchaser an initial return of less than 5 per cent. As sales of this magnitude normally involve a sizeable discount for scale confirmation of that yield would be taken as a new benchmark by the property investment market.

Such a drop in yields would signal another sharp increase in commercial property values, and provide a boost for property companies' asset values.

Property market, Page 12

THE LEX COLUMN

Sterling M3 still over the top

The securities markets became reconciled last week to the probability that the money supply, as measured by sterling M3, would not have been brought back within the 9 to 13 per cent. target growth range by mid-December, and yesterday's confirmation of that fact left both gilts and equities unruffled. Seasonally adjusted, sterling M3 rose by just under 1 per cent. during the December banking month, a satisfactory figure in itself, but sufficient only to reduce the annualised growth rate since April to 13.2 per cent., against 13.3 per cent. in November. Monetary growth will have had to be kept down to £385m. or less during the January banking month, which ended last Wednesday, equivalent to a rise of 0.9 per cent., for sterling M3 to have edged back into the permitted zone.

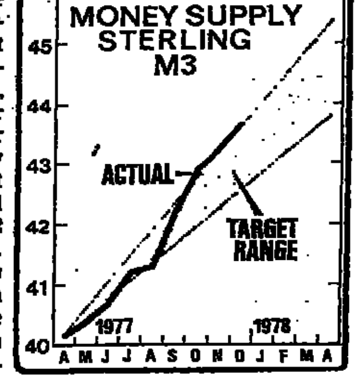
The prospects for this are rather obscure. Even the December rise is a puzzle: it appears to have related not to unexpectedly high Government borrowing or buoyant private sector bank lending (which was actually quite sluggish) but—to a significant extent—to shifts in foreigners' balances. Domestic credit expansion was very modest at a seasonally adjusted £95m.

January's complications will be numerous. The seasonal adjustment will once again be hard to predict, given that the year-end crediting and debiting of interest on bank deposits and loans will reflect much lower money rates than a year ago. On this count the adjustment could easily be too powerful and tend to depress the result unduly.

There is also uncertainty about the impact of the freakish sales of certificates of tax deposit sold last year—no less than £489m. in the third quarter, reflecting the anomalously high 9 per cent. yield. If finance directors decide to run these certificates for another year (one-year money costs only 8 per cent. or so to a large company) the tax season could boost bank lending unexpectedly.

The only conclusion from all this is that the money supply is likely to remain a potential source of trouble for the stock market in the next few months.

Index rose 9.7 to 486.0



Dixons

At first sight, a 13p jump in Dixons Photographic's share price to 171p yesterday following the news of a 7 per cent. rise in interim pre-tax profits to £4.8m. seemed a trifle excessive, given that the company was boasting, in its last annual report, of a tenfold increase in its profits over the last six years. But recent rumours that it would turn in profits of under £4m. had unduly depressed the share price over the last week.

Dixons is making no secret of the fact that the last half-year has been tough going, with the November industry volume of consumer durable goods sales down 6 per cent., for example. There was virtually no volume growth on Dixons' traditional retail side and margins were under pressure. At the same time the reorganisation of the Westons chemist chain has so far produced only a token profit contribution.

Dixons has also been investing fairly heavily in building up its overseas business, particularly in the U.S., which explains why overseas sales rose by over a fifth while profits were up by only 6 per cent. However, with the upsurge in U.K. consumer spending starting to show through Dixons is confident of a better second half which should push full year profits above the £10m. mark (against £8.7m.). The shares currently yield 1.9 per cent.

James Neill

It looks as if Equity Capital for Industry may have found a genuine gap in the capital market after all, even if it is only a small one. Yesterday's announcement that it is to underwrite a £3.79m. rights issue by James Neill and take a stake of around 15 per cent. in the company is well within ECI's terms of reference. And for the first time the equity bank will be seen to be investing in a company which makes its money from manufacturing.

James Neill is at pains to emphasise that it is no lame duck, even if profits for the second half of 1977 at £1.5m. are not up to its interim forecast that they would match the £2m. achieved for the first six months. The reasons for this are not hard to trace—sterling appreciation and declining stock profits.

ECI is able to play a useful role in this case because of the structure of James Neill's shareholdings. About 66 per cent. of the shares are held by the directors, their families and trusts — most of whom did not wish or were unable to put up more finance for the company's planned £4½m. capital programme, while institutions hold 14 per cent. and small shareholders account for a tenth. A placing with institutions was turned down by the Stock Exchange on the grounds that the amount sought exceeded its maximum limit of £1m. but also, it seems, on the principle that all shareholders should have equal rights. The outcome is a rights issue underwritten by ECI at the same cost to James Neill as a placing. The issue raises Equity Capital's investments so far to about £7m. It still has over £30m. in the bank.

ICI

ICI's U.S. debenture issue has finally been priced, the coupon fixed at 8⅞ per cent. and the size increased from $150m. to $175m. One more detail of the group's 1977 performance has now been released in the amended prospectus—the final quarter's debit arising from currency movements will be £19m. That compares with just £2m. in the third quarter after which pre-tax profits were £105m. Since the disappointing third quarter results the shares have underperformed the market by about 6 per cent.

Leyland to recall 30% of its cars in U.S.

BY JOHN WYLES — NEW YORK, Jan. 19.

BRITISH LEYLAND is to recall more than 30 per cent. of its cars being driven by American customers to remedy actual and possible defects.

This is the largest recall Leyland has ever announced in the U.S. It covers a total of 181,500 vehicles out of "in excess of 600,000" which it says are being operated in the U.S. The company declined to comment on the possible cost.

The nature of the work to be carried out on several models suggets an expenditure of well over $1m. with a possible outlay two or three times greater.

Much depends on the response to the recall, which American manufacturers have found varies from 62 per cent. for a three-year-old car to 93 per cent. for a new model.

Leyland's notice covers the 1970-76 Triumph TR6, GT6 and Spitfires whose faulty masterheadlicht switches will be changed.

The TR6s will also be checked for a potential sticking throttle and the Spitfires for possible leaks in the fuel hose and fuel pump. These could cause fires.

Fire is also a potential hazard with 20,000 Austin Marinas being recalled because of a possible fuel tank vent hose leak. According to Leyland 14 fires in Spitfires and Austin Marinas have been reported. Another 94 complaints about TR6 throttles had been received.

The prestige Jaguar line is also affected by the recall.

About 12,500 1973-77 models are being called in to re-position the windscreen washer pump, whose proximity to the engine has caused overheating and consequent pump failures.

The Triumph TR7 of 1975-78 vintage is being recalled because of possible moisture in the windscreen wiper motor and a loose link that could cause the motor to fail.

A group calling itself the Centre for Auto Safety complained to the agency last year that it was not doing its job properly on imported cars.

Pay rises and tax cuts boost spending

By Peter Riddell, Economics Correspondent

CONSUMER SPENDING is now definitely rising, as a result of the boost to take-home pay from the cut in income tax and the beginning of a recovery in real earnings.

Figures published yesterday by the Central Statistical Office show that the volume of consumers' expenditure rose by about ½ per cent. in the final three months of last year, compared with the previous quarter.

Spending of £8.84bn. (at 1970 prices and seasonally adjusted) was the highest for a year and 2 per cent. up on the low point of last spring.

The Central Statistical Office said that in the final quarter, spending on food recovered from its low summer level while other areas of retail sales showed little change.

Expenditure on alcoholic drinks and motor vehicles is estimated to have fallen in the quarter.

Over last year as a whole, consumer spending was 1 per cent. lower than in 1976 and 2¾ per cent. below the 1973 peak.

The turning point appears to have been late last summer and a sharp rise in consumer spending is generally expected this year in response to the slowdown in price inflation, higher pay and probable further tax cuts.

Projected rises in consumer spending this year, compared with 1977, vary mainly between 3 and 5 per cent. The largest recovery is expected in durable goods.

This is also a sector of high import penetration so that purchases of finished manufactured goods from abroad are forecast to rise rapidly, offsetting some of the benefits of North Sea Oil.

The main boost to both disposable incomes and consumer spending is likely to be during the spring and summer. This is when the main tax cuts and pay rises come through and before any acceleration in the growth of earnings is reflected in prices.

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CONSUMER SPENDING
at 1970 prices, seasonally adjusted

	£m.
1973	36,062
1974	35,631
1975	35,257
1976	35,405
1977	35,062
1st	8,761
2nd	8,665
3rd	8,796
4th	8,840*

* first preliminary estimate
Source: Central Statistical Office

Silkin seeks to soften 'green £' change impact

BY CHRISTOPHER PARKES

MR. JOHN SILKIN, Minister of Agriculture, who is expected to announce a devaluation of the "green pound" in the Commons on Monday, is seeking ways to reduce the impact of the move on food prices and to ensure that only those sectors of farming in greatest need get the full benefit of the change.

Mr. Silkin asked the Cabinet to approve a 5 per cent. adjustment yesterday, and a formal EEC blessing should come at a meeting of the Council of Ministers in Brussels next Tuesday.

A devaluation of the "green pound"—the special agricultural rate of exchange for sterling against the Common Market's unit of account—would lead to increases in support prices for most farm produce, and eventually to rises at retail level.

Support or intervention prices are the minimum levels at which farm produce such as beef and butter is bought off the open market and stockpiled in the EEC's notorious "mountains."

But Mr. Silkin will probably arrange for the adjustment, which could eventually be closer to 3 than 5 per cent., to be phased in gradually over the year.

Devaluations can be phased to take effect commodity by commodity at the start of each marketing year.

But a change could easily be implemented immediately for, say, beef-producers. They are suffering severely from low market prices, and national supplies might be seriously affected if the change were held up until April 1, the start of the marketing year.

The dairy year also begins then. Sugar marketing starts in July, and the cereals season on August 1. Since producers of these commodities are not in such dire straits as some of their colleagues, they are unlikely to benefit from an immediate devaluation.

Pig farmers, just begining to recover from one of the worst years on record, would be glad of help now rather than November, when the marketing year starts.

The EEC Commission, as part of its all-Europe New Year farm price proposals, has asked Mr. Silkin to accept a 3.381 per cent. devaluation from April 1, with a 2 per cent. increase in the basic prices for farm products.

The Minister has fought off appeal after appeal for a devaluation but now there are fears that in Monday's Commons debate on agriculture the Liberals, Scottish Nationalists and Plaid Cymru will line up with the Opposition in the vote on devaluation.

Mrs. Margaret Thatcher, Leader of the Opposition, has tabled a motion calling for a 7½ per cent. change. The Liberals have demanded 10 per cent. The National Farmers' Union wants 12½ per cent.

"Green pound" demand Page 9
"Green pound" not only problem Page 29

Qualified U.S. approval for German tank gun

BY DAVID BELL — WASHINGTON, Jan. 19.

A UNITED STATES Defense Department delegation will arrive in Europe soon to tell Britain and West Germany the results of the Pentagon's testing of their rival tank guns for a new U.S. tank.

There are strong indications here that the West Germans have emerged the victors in the contest for a gun for the U.S. XM-1 battle tank. But the Americans are apparently resisting German pressure to instal the gun on the 2000 XM-1s taenk scheduled for production.

The German gun was apparently judged marginally superior to the British one but the Pentagon felt that both guns needed much more testing and that neither was significantly better than the American 105 mm gun to be installed in the first half of the tanks to be produced.

The U.S. has, however, apparently told the Germans that the Gema gun will probably be installed on the remaining XM-1s after 1984 if Congress agrees. Several Congressmen have already expressed reservations about the German gun and have accused the Pentagon of giving in to "international pressure."

It appears that the British gun is no longer a serious contender although this could still change.

The U.S. Army has always been less enthusiastic about the Gema gun, which uses advanced combustible cartridge ammunition, than the Defense Department which sees the purchase of the gun as a symbol of American willingness to buy European military equipment.

Continued from Page 1

Guillotine anger

support for the guillotine because of the postponement of direct elections.

Tory MPs at a meeting of the Backbench 1922 Committee said last night that there was now no hurry to pass the legislation, and to vote for the guillotine would leave the Government ample time in the remainder of the session to introduce vote-catching legislation.

Mrs. Thatcher was warned that there would be protests from party activists if Tory MPs were seen to be supporting the Government in getting its legislation through.

During a 40-minute debate the MPs who spoke were two-to-one for opposing the guillotine.

On the Labour side, anger erupted in the Commons when Mr. Foot made his announcement. It was later decided to hold a special meeting of the Parliamentary Labour Party next Tuesday on a motion calling for withdrawal of the guillotine.

Left-wing anti-Marketeers, led by Mr. John Mendelson and Mr. Eric Heffer, were so furious in the Commons that they threatened to withdraw support from other Government legislation in protest at the decision to push ahead with legislation opposed by the Labour Party.

If the threats are serious, and Ministers were taking a sanguine view last night, the most obvious target is the Scotland Bill, now in its committee stage.

The Government is introducing a guillotine on the Bill to clear the way for other legislation later in the session, including the Wales Bill. Without a guillotine, anti-Marketeers on both sides of the Commons could keep the committee stage going for months.

Weather

SHOWERS affecting most western districts. Occasional sleet or snow showers in eastern districts and Scotland

London, S.E., Cent. S. and N. England, Midlands
Sunny periods, wintry showers. Max. 3-4C (37-39F).

E. Anglia, E. and N.E. England
Cloudy, with sleet or snow Max. 3C (37F).

Channel Islands, S.W. England
Sunny periods, wintry showers. Max. 6C (43F).

N.W. England, S. and N. Wales, Lake District, Isle of Man, S.W. and N.W. Scotland, N. Ireland
Sunny periods, scattered wintry showers. Max. 4C (39F)

Borders, Edinburgh, Dundee, Moray Firth, N.E. Scotland, Orkney, Shetland, Highlands, Aberdeen, Glasgow
Cloudy, occasional sleet or snow. Max. 2C (36F).

Outlook: Showers or longer outbreaks of rain or snow. Cold, with fog and frost locally.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amstrdm.	F	3	37	Manchstr.	Sn	1	34
Athens	F	11	52	Melbourne	C	20	68
Bahrain	S	19	66	Mexico C.	S	21	71
Barcelona	C	7	45	Milan	R	3	37
Belgrade	S	5	41	Montreal	S	−9	17
Berlin	S	4	39	Moscow	F	−12	10
Birmghm.	Sn	0	32	Munich	C	−2	28
Bristol	S	5	41	Newcastle	C	2	36
Brussels	F	3	37	New York	C	−2	28
Budapest	F	1	34	Oslo	Sn	0	32
B. Aires	S	[illegible]	93	Paris	Sn	0	32
Cairo	S	21	71	Perth	S	35	95
Cardiff	S	6	43	Prague	C	−1	30
Chicago	Sn	−4	24	Reykjavik	C	3	38
Cologne	C	2	36	Rio de J'o	S	29	84
Copenhagn.	C	2	36	Rome	F	11	52
Dublin	C	4	39	Singapore	S	30	[illegible]
Edinburgh	Sn	2	36	Stockholm	Sn	0	32
Frankfurt	C	1	34	Strasbrg.	C	4	39
Geneva	C	0	32	Sydney	C	23	74
Glasgow	Sn	1	34	Tehran	S	9	[illegible]
Helsinki	C	−5	23	Tel Aviv	C	22	72
H. Kong	S	13	55	Tokyo	C	9	48
Jo'burg	C	24	75	Toronto	C	−10	15
Lisbon	R	12	54	Vienna	S	0	32
London	C	2	36	Warsaw	Sn	−4	25
Luxembrg.	C	1	34	Zurich	C	2	36
Madrid	C	9	48				

HOLIDAY RESORTS

Ajaccio	F	11	52	Jersey	F	5	41
Biarritz	R	9	48	Las Plms.	F	19	66
Blackpool	C	3	37	Locarno	R	2	36
Bordeaux	C	9	48	Majorca	C	13	55
Boulogne	Sn	0	32	Malaga	F	14	57
Casblnca.	C	16	61	Malta	R	13	55
Cape Tn.	S	24	75	Nairobi	S	21	71
Corfu	C	13	55	Naples	F	12	54
Dubrovnik	C	14	57	Nice	S	7	45
Faro	C	15	59	Nicosia	C	15	59
Florence	R	7	45	Oporto	C	11	52
Funchal	C	16	61	Rhodes	S	17	63
Gibraltar	R	13	55	Salzburg	C	−3	27
Guernsey	C	6	43	Tangier	C	11	52
Innsbruck	F	−2	28	Tenerife	C	12	54
Inverness	C	1	34	Tunis	R	10	50
Is. of Man	R	4	39	Valencia	C	14	57
Istanbul	C	6	43	Venice	R	6	43

S—Sunny. F—Fair. Sn—Snow. C—Cloudy. R—Rain.

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